



Daily Report

East Asia

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Japan Conference Backs Cambodia To Join ARF

*BK2503061895 Bangkok BANGKOK POST in English
24 Mar 95 p 8*

[FBIS Transcribed Text] An international security conference hosted by the Japanese Foreign Ministry in Tokyo is strongly in favour of Cambodia participating at the ASEAN Regional Forum [ARF], which is scheduled to hold its second meeting in Brunei in July.

The Cambodian ambassador to Thailand, Roland Eng, said he has yet to be informed of the results of the Eighth International Security Forum, which was held on Tuesday and Wednesday of this week.

Mr Roland said he is pleased to hear that there is strong support for Cambodia's participation.

Several Japanese newspapers reported that the participants at the forum (Foreign Ministry officials and scholars from 15 countries in the Asia-Pacific region) welcomed Cambodia's participation in the ARF process.

"It is very good news anyway, as Cambodia has on many occasions shown its interest in joining the forum (the ARF)," said Mr Roland.

He said Cambodia was waiting to accede to the Treaty of Amity and Cooperation (ASEAN's legal foundation) as a step towards obtaining observer status in the regional grouping. He said the inclusion of Cambodia in the ARF should contribute a lot to security in the region.

Meanwhile, Foreign Ministry Spokesman Suwit Simasakun said he welcomed the report.

"Foreign Minister Krasae (Chanawong) has expressed Thailand's support for Cambodia to become an observer to ASEAN during his meeting with Cambodian counterpart Ing Huot. So there's no problem in supporting Cambodia's participation in the ARF," Mr Suwit said.

However, he noted that it might be too early to join the July meeting, saying it was not a matter of just joining. Cambodia had to adjust and prepare itself to take part in the ARF's activities.

He said it was an internal matter for discussion among ASEAN members to decide whether Cambodia could join this year, he said.

The Japanese-hosted meeting on Wednesday also agreed to propose "military information transparency" at the forthcoming ARF meeting in order to emphasise confidence-building measures in the region.

The meeting expressed concern over the increased military budget of China, which is 21.2 per cent more this year, saying Asia's balance of power could be disrupted. They cautioned Beijing to take into account the significance of gaining the trust of other countries.

AFTA Prepares To Cut Excluded Products by 20%

*BK3003061295 Bangkok BUSINESS DAY in English
29 Mar 95 p 2*

[Report by Amphawan Krungphanit]

[FBIS Transcribed Text] In line with the Asean Free Trade Area (Afta) scheme, member countries will start this year to reduce the number of products on their exclusion list by 20 percent annually until the year 2000. As agreed during the Asean Economic Ministers' meeting in Chiang Mai in September, each country's exclusion list must be submitted by June 30 this year.

Somkiat Trirattanaphan, Director of the Asean Trade-Economics Division, Department of Business Economics, said his department will work in cooperation with the Fiscal Policy Office and the Office of Agricultural Economics to draw up Thailand's exclusion list, involving a five year plan to reduce the list by one-fifth annually.

"Product items removed from the exclusion list will go into the normal track program of tariff reduction," Mr Somkiat said.

The Thai working team will be prepared to submit a five-year exclusion list plan, he said, but if other Asean member countries opt for just a one year at a time exclusion list, then Thailand will conform to whatever procedure the majority wish to adopt.

Understandably, each Asean country would like its exclusion list to contain items that would have the least adverse impact on their economy.

At present, the total number of goods in Asean countries' exclusion lists amount to 2,777 items. On a per Asean country basis, they can be broken down as follows: Indonesia 1,378, Philippines 586, Malaysia 532, Brunei 197, Thailand 84, and Singapore none.

Mr Somkiat said that when the Asean Economic Ministers meet in Phuket next month the exclusion list issue will not even be on the agenda. Instead they will talk about "Asean's Vision in the 21st Century" in preparation for the forthcoming Asean leaders' summit in Bangkok in December.

Japan**Reaction to Reported Section 301 Probe Deadline****Kuriyama Denies Reports**

*OW3003022395 Tokyo KYODO in English 0215 GMT
30 Mar 95*

[FBIS Transcribed Text] Washington, March 29 KYODO—Japanese Ambassador to the United States Takakazu Kuriyama on Wednesday [29 March] denied reports that the U.S. plans to move up the deadline for completing a Section 301 probe on Japan's replacement auto parts from Sept. 30 to early May.

Even if such pressure exists, Japan will "not negotiate the auto trade issue against a deadline unilaterally set by the U.S.," Kuriyama told reporters after attending a forum sponsored by the Economic Strategy Institute and the Pacific Basin Economic Council.

In Tokyo, news reports said U.S. Trade Representative Mickey Kantor mentioned the new deadline when he met Kuriyama on March 16.

Washington initiated the Section 301 investigation for possible sanctions following a rupturing of the talks at the beginning of last October.

Referring to ongoing talks in Tokyo between Japanese and U.S. negotiators on trade in autos and auto parts, Kuriyama said the two sides "remain considerably apart" and that more time and extensive discussions are needed for them to close the gap.

He said Japan is keen to get the autos and auto parts issue resolved. It is the only pending area among the three priority sectors under the bilateral framework talks.

Kuriyama said the negotiators are expected to meet again in Washington in April, but no date has been set as working-level talks are still going on in Tokyo.

Meanwhile, Andrew Card, president of the American Automobile Manufacturers Association (AAMA), issued a statement, saying U.S. automakers "are very disappointed and frustrated" by the stalemated Tokyo talks.

"We had hoped Japanese negotiators would propose meaningful solutions and reverse their previous pattern of denying that a problem exists," Card said.

"It's clear, nothing has changed." Continued failure to "reach a meaningful agreement on the auto sector not only hurts the American economy, it hurts Japanese consumers" by shutting out competition, he said.

"We commend the Clinton administration for its resolve to negotiate in good faith to correct the chronic auto trade imbalance," he stressed.

But Card said AAMA members—the big three automakers—are "not surprised" as the U.S. Government has spent over 20 years discussing ways to open Japan's closed market.

Official Said To Downplay Warning

*OW3003055495 Tokyo KYODO in English 0544 GMT
30 Mar 95*

[FBIS Transcribed Text] Tokyo, March 30 KYODO—A senior Japanese trade official Thursday [30 March] downplayed a reported U.S. warning to Japan over bilateral auto trade talks.

U.S. Trade Representative Mickey Kantor has reportedly issued a warning that Washington will file a complaint with the World Trade Organization (WTO) if a similar step is first taken by Japan over the automobile dispute.

The alleged warning is nothing new as the United States, in previous negotiations with Japan, has expressed its readiness to use the WTO as a means to settle the auto talks, said the official at the Ministry of International Trade and Industry (MITI).

According to the report, Kantor's warning was contained in a personal letter he sent March 19 to MITI chief Ryutaro Hashimoto.

The MITI official denied the letter contained such a warning.

In a letter sent from Hashimoto to Kantor recently, Japan reiterated it is ready to turn to the WTO if Washington takes retaliatory steps on auto trade under Section 301 of the 1974 U.S. Trade Law.

Another MITI official said he thinks the reported U.S. warning is just to counter Japan's readiness to use the WTO.

The official said he has no awareness that Japan has violated any rules that would subject it to a judgment under the WTO dispute-settlement mechanism.

No major progress was observed in the latest subcabinet-level auto trade talks between the two countries.

Auto trade is the only pending issue among the three priority sectors under the bilateral "framework" negotiations.

MITI Denies Report

*OW3003071495 Tokyo KYODO in English 0703 GMT
30 Mar 95*

[FBIS Transcribed Text] Tokyo, March 30 KYODO—Japan's Trade Ministry Thursday [30 March] flatly denied a report that Washington plans to move forward the Section 301 deadline on Japan's auto and auto parts trade from Sept. 30 to early May.

Tomio Tsutsumi, vice international trade and industry minister, told a news conference, "Officially and unofficially, we haven't received any notification as reported."

The economic daily NIHON KEIZAI SHIMBUN said Thursday the United States has virtually set early May as a new deadline for completing the Section 301 investigation into Japan's auto trade for possible economic sanctions.

The paper said the U.S. has in its mind a quadrilateral trade ministerial meeting, which is set for May 4-5 in Canada.

During the subcabinet-level meeting in Tokyo earlier this week, Japan and the U.S. were unable to bridge a gap over ways to ensure greater U.S. access to two key areas in Japan's auto market—replacement parts and dealership networks.

Tsutsumi said, "I have no knowledge that the reported U.S. move has emerged during the latest high-level meeting and its preparatory talks."

Washington initiated the Section 301 probe into Japan's auto trade following the talks' breakdown at the beginning of last October.

"The auto category is part of the bilateral 'framework' talks but not for Section 301 negotiations," Tsutsumi said.

According to the NIHON KEIZAI SHIMBUN, U.S. Trade Representative Mickey Kantor mentioned the new deadline when he met March 16 with Japanese Ambassador to the U.S. Takakazu Kuriyama.

Talking to reporters Wednesday, Kuriyama denied he has received any such notification from Kantor.

Panel Criticizes U.S. Pressure

*OW3003092495 Tokyo KYODO in English 0904 GMT
30 Mar 95*

[FBIS Transcribed Text] Tokyo, March 30 KYODO—A Japanese Trade Ministry panel slammed the U.S. Government Thursday [30 March] for pressing Japan's automakers to buy more foreign parts.

Such "purchase requests" would violate international law and World Trade Organization (WTO) rules if they involve "de facto coercion" through "threats or pressure to force Japanese makers to respond," said the Ministry of International Trade and Industry (MITI) panel.

Japan has often said direct dealings between the U.S. Government and Japanese industry are inappropriate, but Thursday's report virtually lays out a brief of Washington's alleged violations of laws and treaties in the auto and auto parts sector, which accounts for the bulk of the bilateral trade imbalance.

Demanding "numerical targets" from private industry violates basic WTO market principles and international

law provisions against "interference by a foreign government in the administration of domestic affairs," it said.

Such demands on Japanese "transplant" firms in the United States could break local content rules of the WTO, the General Agreement on Tariffs and Trade and a Japan-U.S. treaty, the panel concluded.

The blasts come in an annual report on the trade policies of Japan's major trading partners by a subcommittee of the Industrial Structure Council, an advisory board to the MITI minister, timed to coincide with a similar report due Friday from the office of the U.S. trade representative, a MITI official said.

The MITI report examines, using what it calls WTO and other internationally agreed rules, the trade practices of Japan's 12 biggest trading partners—the U.S., the European Union (EU), China, South Korea, Hong Kong, Singapore, Thailand, Australia, Malaysia, Taiwan, Indonesia and Canada.

It comes amid fresh reports that the U.S. is moving up its deadline for completing an investigation into Japan's auto parts trade under Section 301 of the 1974 U.S. trade law, which could lead to sanctions.

And a U.S. trade newsletter reportedly said this week that Trade Representative Mickey Kantor is threatening a WTO complaint against Japan's auto trade policies, seeking "a broad inquiry into Japan's lack of effective adherence to the market-opening objectives of the WTO."

U.S. and Japanese negotiators say they remain far apart on auto and auto parts trade after resuming talks Monday on the last unresolved sector of the priority areas in bilateral trade "framework" talks.

The U.S. side has repeatedly said it is not seeking "numerical targets" as the "objective criteria" to gauge trade progress, which President Bill Clinton and then Prime Minister Kiichi Miyazawa put in the July 1993 Framework Agreement.

The head U.S. Auto negotiator, Commerce Undersecretary Jeffrey Garten, said any purchase plans by Japanese automakers "are voluntary plans. The U.S. Government has no intention of negotiating with the Japanese companies or coercing them."

But, he told a Tokyo news conference, "It is difficult to conceive of a plan that does not have some numbers in it."

Talks between U.S. Ambassador Walter Mondale and Japanese automakers do not amount to "negotiation," a U.S. Embassy official said. "It's a discussion, it's a talk," he said, adding, "we clearly do not want to pressure them."

The MITI panel report, asserting that "all are sinners," says its criticisms are meant to be constructive and "not to unilaterally criticize other countries."

It faults the U.S. on nine counts, one fewer than last year, because of improvements it said Washington has made in intellectual property rights protection for imports.

The U.S. and the EU come in for criticism on unilateral measures to prevent trading partners from circumventing WTO rules against dumping products in other markets at unfairly low prices.

Although the U.S. has adjusted dispute-settlement procedures to move in parallel with WTO procedures, the MITI panel expressed concern that unilateral settlement measures remain in place.

Local-content calculations in a U.S. law on auto labeling "are discriminatory against foreign automobiles and their producers in the United States," the report says.

Besides antidumping rules, EU policy is "problematic" in its quantitative import restrictions and rules of origin, the report says.

The panel praised China for bringing many policies into line with WTO rules as it seeks entry into the new global trade body. The panel said it examined China and Taiwan less rigorously than other trade partners because they are not WTO members.

But Beijing remains in violation of WTO rules with its auto industry policy, chemical import registration rules, and electrical appliance safety labeling requirements, it said. Excluding foreign firms from value-added tax rebates could violate a Japan-China treaty, it said.

South Korea's "source diversification system" could break WTO rules as it "coerces Japanese affiliated companies in Korea, instead of freely using imported parts from Japan, to use Korean domestic parts," the panel said.

It found "no significant problem" with Hong Kong, Singapore, Australia or Canada, except for Canada's log-export restrictions.

While praising liberalization in developing Asian countries, the MITI panel fretted about Malaysian petrochemical import restrictions, and Indonesian and Thai import restrictions and local-content requirements.

Experts' Meeting on Auto Talks Proposed

OW3003114095 Tokyo KYODO in English 1038 GMT 30 Mar 95

[FBIS Transcribed Excerpt] Tokyo, March 30 KYODO—Japan has proposed holding a meeting of experts next week as a way to find a breakthrough in the long-pending auto trade talks, a senior Japanese official said Thursday [30 March].

"Tokyo conveyed its wish to Washington to hold such a meeting in a third country for two days from April 6," said the Ministry of International Trade and Industry (MITI) official, who declined to be named.

The official said he hopes the proposed meeting will "disentangle" the stalled auto talks.

The meeting is also intended to lay the groundwork for subcabinet-level auto talks set for mid-April in Washington, the official added.

The United States has yet to give an answer to Japan's proposal, the official said. [passage omitted]

KYODO on Negative Reaction

OW3003095995 Tokyo KYODO in English 0840 GMT 30 Mar 95

["News Focus" by Keiji Urakami: "Japan Wary of U.S. Stance on Voluntary Auto Parts Plan"]

[FBIS Transcribed Text] Tokyo, March 30 KYODO—Japanese Government officials are complaining that Washington is still hoping for a voluntary Japanese commitment to use more American parts in its auto industry, despite opposition to this approach by the Japanese Government and industry.

Even Ambassador Walter Mondale has been recently recruited to serve as a pitchman for made-in-America auto components.

One auto industry observer said, "Unless Tokyo makes some political decision, it would be difficult to move the long-drawn-out bilateral auto trade talks forward."

Japan has been under the constant threat of U.S. economic sanctions, following a rupture last October in bilateral auto talks that led to Washington's initiation of a retaliatory Section 301 investigation.

Partly responsible for the breakdown was Washington's holding Tokyo to its clear-cut promise on the so-called "voluntary plan" by Japanese automakers for buying U.S. components.

Tokyo has repeatedly rejected all U.S. requests on the voluntary plan, saying the plan is outside the government's sphere.

Wrangling over this issue left the entire auto talks, part of the "framework" negotiations, suspended for nearly four months from October to late January. Japan had made acceptance of the government's noninvolvement in the voluntary plan one of four preconditions for resuming the auto talks.

Before starting the latest high-level talks, held in Tokyo earlier this week, the U.S. pledged not to deal with the voluntary plan, agreeing that such a scheme would be outside the scope of the framework talks.

Yoshihiro Sakamoto, the chief Japanese negotiator in auto trade with the U.S., said, "Washington honored the commitment on the four conditions" during the latest talks.

But he voiced dissatisfaction over the recent series of remarks by U.S. officials calling for Japanese Government involvement in the voluntary plan.

"They did not raise the issue face to face with us. But I have often heard their requests on that issue over there (the U.S.)," he said.

Immediately after the latest negotiations, Ira Shapiro, ambassador-designated USTR general counsel, expressed hope for a new commitment from Tokyo on voluntary plans.

Shapiro said, "The voluntary plans in 1992 played a useful role. They did contribute to an expansion of competitive U.S. auto parts purchases and they contributed to progress."

"We think that voluntary plans, if they are forthcoming, would be a helpful contribution," he said.

Sakamoto disagreed, saying, "If the U.S. makes official requests for voluntary plans, then the bilateral auto talks would become difficult."

An official at the Ministry of International Trade and Industry's automobile division said, "Washington keeps saying voluntary plans are key to the success of the auto talks while denying this in official negotiations."

"Such an illogical stance is beyond my understanding," he said.

The Industrial Structure Council, a Japanese Government advisory body, took a critical view of Washington's approach on voluntary plans in a 1995 report on unfair trade policies and practices of Japan's trade partners.

It is feared that the U.S. Government's use of pressure or threats in seeking cooperation from Japanese automakers will cause "grave legal problems," said the report.

Specifically, the action would violate market principles under the World Trade Organization, the Japan-U.S. Treaty of Amity and Commerce and international law, it said.

When then U.S. President George Bush visited Japan in January 1992, Japanese automakers announced voluntary plans to expand their combined annual purchases of American parts to 19 billion yen in fiscal 1994 ending in March.

Several more days must pass before it will be known whether the plans have been implemented as intended.

But Japanese automakers are set to refuse any demands from the U.S. to work out similar plans for fiscal 1995 and beyond.

"When we announced our voluntary plans in January 1992, the figures turned into a numerical target," an official at Toyota Motor Corp. said. "We will not let the same thing happen again."

Earlier this week, Ambassador Mondale visited top executives of Japanese automakers to seek their cooperation for a breakthrough in the stalled auto talks.

Mondale spoke with the vice president of Toyota Motor Corp., the president of Nissan Motor Co. and the president of Mitsubishi Motors Corp. earlier this month, the ambassador also met with the head of Honda Motor Co.

In talks with the head of Mitsubishi Motors, Mondale reportedly called for the automaker to help resolve pending problems at the auto trade talks.

Japanese carmakers are cool to the U.S. demand as many of them, facing the strong yen, are desperately curtailing production costs by reducing components.

Their domestic production has also been declining due to sluggish demand and an increasing shift to overseas plants.

"We have no intention of making a new voluntary plan. And even if we wanted it, we couldn't do it," said an official at a major carmaker.

Market Expansion of Foreign Car Sales Proposed

OW3003020395 Tokyo MAINICHI SHIMBUN in Japanese 28 Mar 95 Morning Edition p 9

[FBIS Translated Text] Vice minister-level negotiations within the Japan-U.S. framework economic talks on auto and auto parts were held at the Ministry of International Trade and Industry [MITI] on 27 March. At the negotiations, the United States made a new proposal regarding a review of Japan's car inspection system, which can be linked to an expansion in the sale of foreign-made cars and an expansion of the market for auto parts in Japan. Regarding the car inspection system, Japan made a counter argument, saying: "We were disappointed because the proposal included a request that was larger in scale than in the past" (according to Masahide Ochi, vice minister of transport). Talking to a group of reporters the next day, Prime Minister Tomiichi Murayama explained his perception that the future of the negotiations is tough, saying: "The opinions of both sides were divided right in two."

According to a U.S. Trade Representative official, who held a news conference after the negotiations, the U.S. side called on Japan for an expansion of sales of foreign-made cars through market reorganization. He said that (Ira Shapiro, envoy in charge of Japan affairs at the U.S. Trade Representative) stated: "We want Japan to make competition work by changing the 'intimate relations' between auto makers and dealers."

However, the Japanese side said that there is a big gap between the claims made by both sides. A MITI source said: "The U.S. proposal also contains a demand, which runs counter to the market principle, that 'we want you to make the Japanese auto makers instruct their affiliated auto dealers to sell foreign-made cars.'"

Regarding Japanese auto makers' voluntary plans to buy auto parts, Jeffrey Garten, undersecretary of commerce, said: "The U.S. Government has no plan to directly negotiate with the Japanese auto makers." In this way, he expressed his hope that the Japanese auto makers would voluntarily increase their purchase plans.

Negotiations by specialists will continue on both 28 and 29 March. Moreover, both sides agreed to hold vice minister-level negotiations again in Washington in mid-April and to try once again to settle the issue.

Government Decides on Market Access Package

OW3003041395 Tokyo YOMIURI SHIMBUN in Japanese 28 Mar 95 Evening Edition p 2

[FBIS Translated Text] The government, at a meeting of the Office of Trade and Investment Ombudsman [OTO] (headed by Prime Minister Murayama) on the morning of 28 March, decided on a package of measures to improve access to the Japanese market.

The package of measures has been mapped out in line with a 19-point proposal that the OTO Promotion Council (chairman: Foreign Ministry adviser Yoshio Okawara) compiled on 14 March. The package of measures to improve market access calls for the review of regulations on sales with gifts and simplifying the current certification process for the import of medicine. The package also proposes that: 1) The government revamp the relevant laws during the next ordinary Diet session in order to allow foreign lawyers to do the international arbitration business in Japan when and if intentional trade dispute arises, and 2) the working hours of customs officers in Nagoya Airport and Fukuoka Airport be extended in 1995.

Article Examines Drawbacks of Deregulation

952A0394A Tokyo BUNGEI SHUNJU in Japanese Feb 95 pp 130-145

[Article by critic Katsuo Uchihashi and Group 2001: "Nightmare" of Deregulation Reported"]

[FBIS Translated Text] A year has passed since the "Research Forum on Economic Reform"—the so-called Hiraiwa Research Forum (chaired by Gaishi Hiraiwa)—submitted its final report on the "need for drastic deregulation" to the then-Prime Minister Morihiro Hosokawa. Deregulation in Japan has already entered the implementation stage. Ministries and agencies have already issued various deregulation plans, covering various business sectors. The government will announce a "Five-Year Plan on Deregulation" in March at the earliest, which sets the time limit on implementation.

In the midst of this rapid development at present, however, various problems are being left out without adequate examinations.

Last year, in the August and November issues [of this magazine], Group 2001 reported the results of its field

research on how a series of deregulations that began in the late 1970's in the United States has changed U.S. society and industries. This time, however, I (Uchihashi) joined this group of journalists, and would like to report the results of our field research on changes in employment and social fabrics in Japan that has been undertaking deregulation, covering from Wakkanai in the north to the Amami Archipelago in the south.

In June 1994, the Deliberative Council on the Airlines Industry proposed deregulation of Japan's domestic airlines industry in three areas: air fares, flight routes, and employment practices. Regarding business-related problems that were expected to develop as a result of deregulation, such as in the case of flight routes to outlying islands, the council responded by saying, "Suspension or elimination of unprofitable routes may be unavoidable."

Those who support deregulation argue that even if unprofitable flight routes are eliminated, small commuter companies will appear soon or later, satisfying the need for air transportation that can be optimally suited for the conditions in each locality based on the principles of a market economy.

I would like to begin this report on deregulation in Japan by first examining the crisis relating to flight services to outlying islands in Kagoshima and Okinawa. The reason for this is that the issue regarding the center versus local regions tends to be neglected in Japan's deregulation.

In fact, business experiments using a commuter company began eleven years ago in flight routes to the outlying islands in Kagoshima and Okinawa.

In Kagoshima Prefecture, about 207,000 people live in such outlying islands as Amami Oshima, Kikaijima, Tokunoshima, Okinoerabu Shima, Yoron, Yakushima, and Tanega Shima. For these islanders, flight routes served by Toa Domestic Airlines (TDA; currently Japan Air System) were like lifelines.

Skyrocketing Air Fares

In 1993, flight routes to the outlying islands were placed under the control of Japan Air Commuter (JAC), a new third-sector company created jointly by TDA and 14 cities, towns, and villages in the Amami Archipelago.

The local people were told at that time that the company would be able to cut costs by downsizing equipment and personnel, and should be able to make profits within a few years. TDA emphasized its stance that because of deregulation, which permitted other airlines to enter those flight routes that used to be served by one company, competition with JAL [Japan Airlines] and ANA [All Nippon Airways] was expected to intensify nationwide, making it impossible for the company to maintain unprofitable routes any more, and that if the proposal was not accepted, the company would withdraw completely from the flight routes to the outlying islands.

Bewildered, the local people questioned, "When even TDA cannot make profits, how can a small commuter company make ends meet?"

What happened, then, to this newly created third-sector company?

First of all, as soon as the new company was created, the local people saw abnormal increased in air fares. The fare was increased by 61.4 percent from 2,980 yen to 4,810 yen for a flight between Amami Oshima and Kikaijima, 47.3 percent from 4,970 yen to 7,320 yen for a flight between Amami Oshima and Tokunoshima, 32.3 percent from 7,320 yen to 9,680 yen for a flight between Amami Oshima and Okinoerabu Shima, and 18.4 percent from 10,790 yen to 12,770 yen for the route between Amami Oshima and Yoronoto.

But, despite the transfer of management to the commuter company and the major increases in air fares, the third-sector company's deficit didn't disappear. Instead, it continued to increase rapidly, and the cumulative deficit reached 55 million yen in 1987.

Then, TDA began saying, "To reduce the deficit, it is necessary to change the composition of flight routes," and told the local side that it wanted to transfer an additional 12 routes to JAC. It explained the reason for this transfer by saying, "If the company [JAC] increases the number of its operating routes, it will be able to manage more flexibly and make profits overall."

This transfer was enforced, and the third-sector company's capital was increased by twofold. The local side had to go along with this capital increase.

According to the estimated profits and losses statements in "Japan Air Commuter's Assumption of YS-11 Flight Routes From Toa Domestic Airlines," dated 12 May 1987 and distributed by TDA to the local side, the cumulative deficit of 55 million yen was supposed to disappear by 1992, and the company was supposed to make a profit of 70 million yen.

What actually happened?

Instead of wiping out the deficit, JAC recognized a loss of 1.712 billion yen in 1993, and increased its cumulative deficit to 1.740 billion yen.

As if to follow up on these results, a report was issued in June 1994 by the Deliberative Council on the Airlines Industry that had initiated the deregulation. It urged promotion of competition, and stated: "As there is a limit to the ability of airlines companies to shoulder the burden of unprofitable flight routes, it is necessary to consider sharing the burden with users, as well."

The sharing of the burden with users was considered.

On 15 December 1994, JAC raised its fares again, despite its earlier promise with the local side that it would not raise its fares. For the Kagoshima routes that had been transferred as YS-routes, such as those between

Kagoshima and Okinoerabu Shima, between Kagoshima and Yoronoto, between Kagoshima and Yakushima, and between Kagoshima and Tanega Shima, the fares were raised by 33 percent on average, and for the four routes between outlying islands mentioned earlier, the fares were increased by 41 percent.

Island Economies Were Hard Hit

Mr. Kazunori Sayama, a management adviser at the Tanega Shima Chamber of Commerce and Industry, says as follows:

"The aging of our island population has been in progress, and the people over 65 years old account for more than 20 percent of the population in Nishino Omote City (in Tanega Shima). As old people have limited incomes, an increase in expenses hits them hard. For example, when there are gatherings, or some unfortunate events, of their relatives or acquaintances in Kagoshima, they can no longer easily afford to go there. Aside from our old people, also for our college students and other adults who live in Tokyo or Osaka, it costs at least 300,000 yen per round trip to come home on vacation. This time again, the fares were increased in December, so I think many of the people who were planning to come home around the end of the year or the beginning of the new year will decide not to. About 10,000 people normally come home on vacation, but I think there will be a 60-percent reduction at the worst in the number of people coming home this year. The island economy used to get a boost from these home-coming visitors, but this year, we can not count on it."

Okinoerabu Shima has a population of 15,400, and is an "island of flowers," known for its Okinoerabu lilies (white lilies), freesias, and small chrysanthemums. The island economy is supported by 7 billion yen annual revenues from agriculture, including cut flowers. Because of the rising air fares, in shipping cut flowers to Honshu, they must now rely on refrigerated container ships, which are less effective in keeping the freshness of flowers than air transportation. The people in the island are hard pressed to find a way to compete with growers in other parts of Japan.

Kikaijima, which has a population of 9,600, has no general hospital. Those patients who go to the hospital in Nase City in Amami Oshima have no other way but to use a commuter airplane, paying 6,500 yen each way, which is 2.2 times more expensive than five year ago.

Osamu Enomoto, the mayor of Nishino Omote City, says angrily, "What do they say in the Law To Promote Development of Outlying Islands? They say that special considerations should be give to establishment and maintenance of the means of transportation so as to improve the facilities for island life. When I listen to the arguments for deregulation, which say that unprofitable routes should be discontinued, I feel so disheartened."

The table below summarizes the losses and gains for the people in outlying islands for the past 12 years since the

flight routes were transferred to the commuter airline company.

Table. (per research by investigative reporters)

Air Fare (in Yen)	March 1982	December 1994	Percentage Increase/Decrease
Routes Between Large Cities			
Tokyo-Osaka	15,600	14,600	-7
Tokyo-Fuku-shima	27,100	25,350	-7
Tokyo-Sapporo	25,500	23,850	-7
Routes Between Outlying Islands			
Amami Oshima-Kika-ijima	2,980	6,500	+118
Amami Oshima-Tokunoshima	4,970	9,890	+99
Okinoerabu Shima-Amami Oshima	7,320	13,030	+78
Okinoerabu Shima-Kagoshima	20,230	23,740	+17
Yoronto-Kagoshima	21,470	25,070	+17
Yakushima-Kagoshima	7,570	10,420	+38
Tanaga Shima-Kagoshima	6,710	9,230	+38

What the table shows is clear.

Under the policy to encourage competition, the people in these outlying islands have been forced to bear large burdens. Because of the huge increase in living expenses and the stalling economy, many people have left their islands. The population in the 14 cities, towns, and villages that contributed capital to create JAC has decreased by 15,520 (a 10-percent decline) in the past nine years.

What does this experience in Amami tell us? As Mr. Iwao Nakatani, a member of the Hiraiwa Research Forum, says in the 30 August 1994 issue of EKONOMISUTO, one of the main supporting arguments for deregulation is that as uneconomical regions will be serviced by low-cost commuter companies, public interests will not be sacrificed."

Prior to being transferred to JAC, the flight routes between outlying islands were funded internally by profits made by TDA in its major flight routs. The objective of the experiment in Amami was to service these routes [between outlying islands] profitably by transferring them to an independent commuter company with down-sized equipment.

The results of this experiment were as follows:

The small, independent commuter company incurred a huge deficit, rather than making profits. This deficit was passed on to the fourteen cities, towns, and villages and their islanders in the form of a huge capital investment of 120 million yen to JAC and the skyrocketing air fares.

According to a deregulation policy proposed in June last year by the Deliberative Council on the Airlines Industry, if the method of combining capital contributions by municipalities and user fees doesn't work out, the flight routes themselves will be eliminated, as happened in the case of deregulation of the airlines industry in the United States.

Incidentally, members of the Deliberative Council on the Airlines Industry, which contended that "suspension or elimination of unprofitable flight routes may be unavoidable," consist of college professors, editorial writers from newspaper companies, and executives from three airlines companies, all of whom live in big cities. There are no representatives from the outlying islands or local regions.

Small- and Medium-Sized Companies Versus Big Companies

On the plain near Lake Towada in the central region of Aomori Prefecture lies Kuroiwa City, which is famous for apples and wooden dolls. In the shopping district of this city with a population of less than 40,000, big companies began making aggressive bids to open their stores. Ever since Ito-Yokado opened a store 19 years ago in Hirosaki City nearby, Jusco has opened a store each in nearby Fujisaki-cho and Kashiwa-cho, and Vivre (a Nichii affiliate) and Daiei have opened their stores in Hirosaki City. This year, a Jusco store is scheduled to open in Kuroiwa City.

All the stores mentioned above are big, with a shop floor in the size of 10,000 to 20,000 square meters.

At present, retailers in Kuroiwa City make gross sales revenues of only about 35 billion yen a year. The local retailers fear that when Jusco opens its store, it will make a sales revenue close to a quarter of that figure, or about 8 billion yen.

In nearby Hirosaki City, the top three big stores rake in 60 percent of gross sales for the entire city. Now, on weekends and holidays, a large number of shoppers from Kuroiwa City come to these large stores, as if they were drawn into them by a centripetal force.

Mitsuro Kiyofuji, the mayor of Kuroiwa, laments: "To encourage our local retailers, we have offered all kinds of supportive plans from the city, such as building a large parking area where at least 1,000 cars can be parked within a 500-meter radius from the central shopping district, and constructing an arcade to shelter the district from snow. Local retailers must be feeling dejected; they don't show much interest in these proposals.

"In any event, I'm truly puzzled how in the world those large supermarkets can sell their merchandise at such discount. They have invested a huge amount of money, and have to pay interests on their loans, as well. How can they make profits?"

The mayor's question is quite significant, because it relates to the true nature of competition between small to medium-sized companies and big companies.

Following the issue of the center versus local regions mentioned above, therefore, I now would like to touch upon the issue of competition between small to medium-sized companies versus big companies.

For two nights in a row on 5 and 6 November, NHK broadcast its special program, "What To Do With Deregulation?" In the first night's segment—"Why Deregulation Now?"—it reported the effects of deregulation to issue liquor licenses to supermarkets with a shop floor area of more than 10,000 square meters.

The report showed that Daiei began to sell domestic beer for about 30 yen lower than the regular retail price. The problem here is how it related this point to the case of independent liquor stores. The program showed that independent liquor stores had formed a cooperative in each region, and were competing against such supermarkets as Daiei by buying and selling liquor at low prices.

Watching this program, we began to have the following question. Can independent liquor stores with cooperative buying compete against such huge supermarkets as Daiei?

We conducted an interview anew with Deputy Chief Shoji Ichikawa of the "Shakujii Liquor Sales Cooperative Association," which had been featured by NHK.

Mr. Ichikawa comments on what NHK didn't show in the program as follows, for example:

"When we buy our merchandise through our cooperative, we can lower our purchase price to about 200 yen, which is the sales price at Daiei. But, as consumption of alcoholic beverages has not been increasing much these days, stores that are selling at 200 yen are probably breaking even, or somewhat worse. In general, a liquor store marks up its merchandise by 20 percent to 25 percent. Therefore, if it has to lower its sales price below this, it won't be able to survive. Even if I try to offer the same price as Daiei's at my store, such price competition will be meaningless, because we cannot afford to use fliers. Whenever we have a meeting, many members of our cooperative ask, 'What shall we do from now on?' Assuming that, even with cooperative buying, we cannot compete, what shall we do next? I would like to ask the promoters of deregulation, what kinds of means are left for us."

Therefore, even if liquor stores join hands at the regional level, they cannot compete against Daiei's mass purchasing and mass merchandising. This is true in Kuroiwa City, as well.

According to a research study published by Tokyo Shoko Research in December last year, the number of bankruptcy cases, mainly of small liquor stores, has increased dramatically since 1992, the year when deregulation on liquor licensing was first implemented. Up until 1991, the number of bankruptcy cases for liquor stores fluctuated at about 50 per year. However, it jumped to 108 in 1992, 114 in 1993, and 117 in 1994. Tokyo Shoko Research named these as "deregulation bankruptcies," and analyzed that "the bankruptcy cases are concentrated among small stores."

The Japanese economy used to be characterized by its dual structure—small to medium-sized companies versus large companies. As in the case of loosening the Large-Scale Retail Store Act, many of the current deregulation efforts are to open up the gate of economic regulations that used to separate small to medium-sized companies from large companies, and to let all of these companies compete against each other on the same level field. Under such circumstances, large companies can always win in the market place, as seen in the case of liquor stores. Supporters of deregulation label those rules that used to protect small- to medium-sized companies as vested interests, and advocate the need for fair competition. But, true fair competition in the market place can only be achieved by assigning handicaps—giving some disadvantages to large companies and some advantages to small- and medium-sized companies.

Otherwise, venture businesses by individuals will not develop. The market changes its character eventually from oligopoly to monopoly, and so-called "market failure" will result.

The True Way of Tightening Up the Antimonopoly Act

In fact, this issue of fairness leads us to the question of how the Antimonopoly Act should function. Recently even the supporters of deregulation began, as if in a flurry, to talk about tightening the Antimonopoly Act. But, when examined carefully, we realize that their arguments have a meaning totally different from tightening the act.

We understand that the original intent of the Antimonopoly Act is to prevent "market failure"—when big companies are left alone, they achieve oligopoly and monopoly by using their size advantage—from happening by restraining the activities of these big companies.

But, the tightening of the Antimonopoly Act argued by such supporters of deregulation as the Keidanren [Japan Federation of Economic Organizations] is contrary to this understanding.

The Antimonopoly Act has some exemption clauses, such as allowing small and medium-sized companies to form a cooperative association for mutual adjustments. The reason why adjustment of the number of ships in the coastal shipping industry—where small companies

account for more than 90 percent of the total number of companies—is not considered as a cartel is that such an activity is exempt from application of the Antimonopoly Act. What Keidanren argues in favor of tightening the Antimonopoly Act is to eliminate these exemptions.

We obtained a copy of an unpublished report prepared by the "Working Group for the Administrative Reform Promotion Headquarters on Import Promotion, Market Access Improvement, and Distribution Systems," one of the specialized groups established in response to the Hiraiwa Research Council's final report. This report shows which members of the group made what kinds of comments. Among the members of this specialized group were Mr. Iwao Nakatani and Chairman Isao Nakauchi of Daiei. These two individuals had exactly the same opinions. For example, Mr. Nakauchi said at the third meeting, "As part of our review on rules regarding equipment, it is necessary to reexamine the rule on adjustment of the number of ships in the coastal shipping industry," and then, Mr. Nakatani repeated the same opinion at the fifth meeting.

But, what's most noteworthy is that Mr. Nakauchi argued in favor of elimination of Article 9 of the Antimonopoly Act twice at the fourth and the fifth meeting, and that Mr. Nakatani agreed to this argument.

Article 9 of the Antimonopoly Act states that "holding companies are prohibited."

Eliminating this rule means easing the Antimonopoly Act, not tightening it.

This rule on holding companies was incorporated so as to guarantee fair competition in the true sense of its meaning between small to medium-sized companies and large companies.

Regarding the meaning of this rule on holding companies, we asked opinions from two individuals—a scholar and a member of the Fair Trade Commission, who served as a staff member for the 1977 revision of the Antimonopoly Act. Both of them opposed elimination of this rule on holding companies.

The reason for their opposition is as follows:

In competition, it is desirable when Company A, whether in a retail industry or otherwise, can act on its own will to maximize profits.

Let's assume that it is allowed to create Company X, a holding company of Company A. In addition to Company A, Company X owns many other companies, such as Company B in the real estate industry, Company C in the financial industry, Company D in the travel industry, and Company E in the information industry. As Company X directly owns the stocks of these companies under its umbrella, it can create a strong system of vertical control.

"When this happens, the companies that used to operate independently in their respective markets begin to act

according to the will of Company X. A good example is intragroup transactions. Company C will lend money to Company A, a struggling retailer, at a very low interest rate, even if it knows that it is unprofitable to do so. Company B, a realtor, will acquire land in an unreasonable transaction, and develop it for the retail Company A. When all this is done, other companies that do not have the support of a conglomerate will certainly not be able to compete against Company A in the retail industry. In this case, only those companies that have similar support from a conglomerate can compete against Company A" (per the scholar).

What will happen to competition in the markets where holding companies are permitted?

"A good example is the prewar markets where holding companies were permitted. Competition would eventually take place among Konzerns [conglomerates]—a form of competition that is totally unexpected in the market economy. As a result, allocation of profitable industries would take place among these conglomerates—for example, heavy industry would be dominated by Mitsubishi, and mining and light industries by Mitsui. Then, these conglomerates would be able to control their respective markets everywhere" (per the scholar).

The total control of these markets by a small number of zaibatsu [privately owned industrial empires, or conglomerates] led to an economic panic. Centering on agricultural regions, the country was devastated, and hatred of the zaibatsu turned into the fascist movement led by young military officers. Democracy crumbled, and zaibatsu control turned into national capitalism and eventually collapsed.

Daiei owns about 300 affiliated companies, including those in the real estate, financial, information, development, and restaurant businesses. Because of the rule on holding companies in the Antimonopoly Act, these affiliated companies within the group are linked loosely through crossholdings of stocks at present. It is difficult to exert complete control over the group companies.

Let's take, for example, Recruit Company—Daiei acquired 17.6 percent of the company's shares.

An executive of Recruit says, "Recruit has two things that are attractive to Mr. Nakauchi. One is the attraction as a pure asset. Another is the attraction as a company in the information industry. Take, for example, information on residential real estate. We obtain information on changes in land prices at regular intervals. As we collect data from several hundred companies, we can get quite detailed information. So, when you need to do some real estate transactions, you can find good pieces of real estate before other companies can find them out. At present, however, these two attractive points are not being utilized at all by Daiei. The reason is that the founders of Recruit, including President Naotaka Ida, have a very strong bond, making it difficult for Daiei to take control."

Mr. Nakauchi responded in our interview by saying that if the rule on holding companies were to be eliminated, Daiei would certainly create a holding company to manage its group companies.

He also said that the merit of having a holding company is centralized control over the entire group of companies.

"All information will come to the headquarters, the holding company, making it easier for us to understand. Instead of crossholding of shares, we would be able to figure out much more easily what's going on, and where."

But, with regard to Recruit, Mr. Nakauchi adds: "The more we try to raise Daiei's governability, the less enthusiastic the affiliate will become. So, we exercise our authority according to the characteristics of each of our affiliates."

And, although the current tax system doesn't permit transfer of profits among affiliates in different industries, Mr. Nakauchi says that "this tax rule should be revised."

If, in addition to eliminating the ban on holding companies, profits could be transferred among companies in different industries, a conglomerate will be able to further enhance its strength—it will be able to divert financial assets from its strong affiliates to its weak affiliates.

Mr. Nakauchi of Daiei says, "Holding companies are allowed in Europe and the United States. Japan should harmonize itself with the international standards. Even if our markets become oligopolistic as a result, that would pose no problem. If those companies that achieved an oligopoly create a cartel or try to raise prices in collusion, the Fair Trade Commission will simply have to intervene."

In 1993, the Economic Bureau of the Ministry of Foreign Affairs commissioned scholars of the Antimonopoly Act to conduct a joint research project entitled, "A Comparative Study of Antimonopoly Laws: Possibility of Harmonization." A scholar who participated in this study says as follows:

"Mr. Nakauchi's understanding that holding companies are permitted in the United States is wrong. To be sure, the antitrust law in the United States does not specifically say that holding companies are banned. However, according to various provisions of the law, acquisition of stocks that may create a monopolistic condition as in the case of forming a holding company is prohibited. Therefore, holding companies are practically disallowed. In the case of Germany, there are some holding companies. Recently, however, the seriousness of some abuses has been pointed out, such as the case of the Bank of Germany, a holding company, which forced a merger of its two affiliates. Therefore, banning of holding companies is being considered."

Mr. Nakauchi is not the only one who advocates elimination of the rule that bans holding companies. For example, in its "Requests for Elimination and Relaxation of Regulations" issued on 16 November 1994, the Japan Association of Corporate Executives [Keizai Doyukai] squarely advocates "elimination of the rule that bans holding companies."

As seen above, in a nutshell, the current promotion of deregulation seems like a movement to return to the capitalism of the 19th century when corporate activities were completely unrestrained.

This seems especially so when we consider the balance between safety and regulation, and listen to the arguments by the supporters of deregulation in favor of "the principle of self-liability." Next, therefore, we consider the issue of safety versus regulation, and examine what this "principle of self-liability" means.

Safety Versus Regulation

In the EKONOMISUTO article mentioned earlier, Mr. Iwao Nakatani describes the issue of deregulation and safety as follows:

"Regulations do not guaranty safety. Conversely, there is no evidence that deregulation will sacrifice 'safety.' Companies operating in an intensely competitive environment tend to pay special attention to 'safety.' The reason is that once a company is judged to be [selling products or services that are] not 'safe,' it will have no possibility of surviving the competition."

In other words, once an airlines company has a plane crash, that company will not be able to attract passengers, and be weeded out from the market.

At the first glance, this argument sounds logical. But, what we must consider carefully here is how the passengers who were on board the crashed plane will get relief.

USAir, the fifth-largest airlines company in the United States, is precisely a product of deregulation. It was a small regional airlines company until it merged with Pacific Southwest and Piedmont in 1987 and 1989. With this series of mergers, it was to become a megacarryer, having a wide range of domestic and international flight routes. The reason for the mergers was to use the advantage of size to win the major competition brought about by the 1978 deregulation of air fares and flight routes.

Then, USAir, which had had no fatal accidents before, began to have a series of accidents after the mergers. Two people died in an accident at La Guardia Airport in September 1989. Thirty-four people died in a collision at Los Angeles Airport in February 1991. Twenty-seven people died in a plane crash at La Guardia Airport in March 1992. Thirty-seven people died due to landing failure at Charlotte Airport in July 1994. Also, when a plane crashed in Pittsburgh in September 1994, all 132 passengers died.

Two reporters from THE NEW YORK TIMES investigated USAir for two months, and reported their findings in a three-page article on 13 November 1994. Based on court documents and informational materials collected from the Federal Aviation Board and the National Traffic Safety Board, the report listed possible causes of the frequent accidents: 1) the uncertainty of business due to intensified competition, 2) simplification of safety checks to cut costs, and 3) confusion due to the mergers of airline companies that had different training systems. The report was taken up by networks and other newspapers, and as a result, USAir received lots of cancellations, and its stock price nose-dived. With a deficit of \$1 billion, USAir is in a crisis situation.

Therefore, the airline company, which neglected safety, may be in the process of being weeded out by consumers' freedom of choice.

But, until THE NEW YORK TIMES reported the causes of the accidents, how did those 232 people who had died get relief?

Here is the so-called "principle of self-liability." In essence, this principle states that consumers must take self-responsibility in exchange for their right to choose.

What we fear most about the current direction in deregulation is that such rhetorical expressions as "consumers' right to choose and self-responsibility" are now being used as strong weapons to eliminate the rules that were created to prevent accidents.

For example, in the second segment of NHK's special program mentioned earlier, "What To Do With Deregulation? Why Isn't Deregulation Progressing?" Hiroshi Kondo, a reporter from the Economic Section, reported as follows:

Mr. Kondo waves the Hiraiwa report, says: "This report states that regulations to protect consumers will be based on the principle of self-liability. So, I would like to examine this principle by showing you some examples." Then, they play a video that was taken during Mr. Kondo's investigation.

The video shows first that the Drugs, Cosmetics, and Medical Instruments Act in Japan requires labeling of a list of ingredients. Then, it introduces a company that imports foreign-made cosmetics through a parallel import system, and emphasizes that the price of an imported product is less than half of that made in Japan. Imported cosmetics do not have a list of ingredients. Then, the video shows an interview with one consumer, who says: "They are inexpensive. As long as we understand that we manage our own risks, I think it's all right to import them." In closing, Mr. Kondo says in the video, "Despite the fact that each individual has to take a risk of self-liability, an increasing number of consumers want to take advantage of low prices."

Immediately after this video, they report the enactment of a Product Liability Law, which enables consumers to

demand that a company pay for damages caused by the company's defective merchandise.

I (Uchihashi) also participated in the program. Upon seeing the report by Mr. Hiroshi Kondo, the participants begin a discussion session. In response to this report, Mr. Haruo Sakamoto, a managing director of Seiyu and a former official at the Ministry of International Trade and Industry [MITI], says that "I think we should eliminate" labels themselves from those products sold in Japan that have a wide range of selection.

Those viewers who saw this program may think that as long as prices go down, it will be all right to eliminate the labeling requirement for a list of ingredients. They may think that even if the requirement for a list of ingredients is eliminated and consumers suffer some damages, it will be all right, because these consumers can seek compensation for such damages according to the Product Liability Law.

But, nothing could be farther from the truth.

Why did they start requiring the labeling of a list of ingredients for cosmetics? They did so after a series of socially significant accidents—the darkening of facial skin—occurred in the 1960's and 1970's.

The Principle of Self-Liability in Reality

This scandalous case of the darkening of facial skin began when the faces of women, who used cosmetics products made by six domestic makers, became completely black. As the makers denied the causal relationship between their cosmetics products and the darkening of facial skin, 17 victims filed a law suit at the Osaka District Court in 1977.

Attorney Takako Hirano, who fought in this trial as a member of the prosecution council for the consumers, states as follows:

"What was most difficult in this trial was that as there was no regulation to require a cosmetics product to be labeled with a list of ingredients at that time, consumers didn't know what kinds of ingredients were in the cosmetics. If the consumers don't know the ingredients, they cannot prove the causal relationship for their damages. Therefore, we asked the court to issue a request for production of documents so that the makers would "disclose their lists of ingredients." But, the makers refused, citing trade secrets as the reason for their refusal.

"Then, we sought full cooperation from Osaka University's Medical School, and asked the school to set up a special window at its hospital to accept outpatients suffering from cosmetics-related ailments. And, we tested all cosmetics that had been used by the victims, and identified the cosmetics that caused the ailments. Then, we performed an analysis of the ingredients of these cosmetics by ourselves. It was maddeningly tedious work. As a result, however, we were able to identify

common ingredients that caused the ailments. But, even being presented with all these data, the cosmetics makers feigned ignorance at court, saying that they didn't use those ingredients in their products. They were saying in effect that, as there was no disclosure of ingredients, there was no evidence."

Unable to defend themselves against public outrage, the cosmetics makers finally agreed to reach a settlement in 1981, after 38 hearings in four years and five months. By signing the settlement, the makers acknowledged officially for the first time that there existed a causal relationship between the use of their cosmetics and the darkening of facial skin. The 17 plaintiffs were paid 50 million yen in total by the makers. It was almost 20 years after these women had begun to suffer from the darkening of their facial skin.

Incidentally, nothing about this case of darkening facial skin was mentioned in the NHK's report by Mr. Kondo.

Attorney Hirano warns as follows:

"The current argument is that as the Product Liability Law is now in force, makers do their own self-control, and safety regulation is no longer necessary. This argument is doubly wrong. The Product Liability Law is basically an ex post facto remedy. Some people say that the law serves as a deterrent, but it is of no use for those who suffered damages. The victims want such damages to have been prevented to begin with. Those female victims were paid for their damages, but their faces didn't return to their original condition. The second point is that the recently enacted Product Liability Law, in fact, has major defects."

At the time of enacting the Product Liability Law, there were intense disagreements between the corporate side and the lawyers specialized in litigation for consumers. These disagreements related to 1) presumption of defect, and 2) a plea based on developmental risks.

Presumption of defect means that if an accident occurred during the normal usage of a product, it is presumed that the product was defective.

This was not incorporated in the enacted Product Liability Law.

"As we can see from our experience in the lawsuit over the cosmetics, it is almost impossible for one consumer to identify the causal relationship in the case of drugs and cosmetics. And, in the case of current computer products, which are completely black boxes, it is almost impossible, too. If the enacted Product Liability Law had allowed presumption of defect, a consumer would have needed to prove only that he suffered damage while using the product" (per Attorney Hirano).

A plea based on developmental risks means that, in the case of developing a product using new materials, if the company was not able to predict risks at the time of

development, it will be waived from taking responsibility for damages occurred later.

This clause was incorporated [in the enacted Product Liability Law].

"Only progress made from the existing civil law is that when a maker creates a defective product, we don't need to prove the maker's sentience or negligence. Looking at the current situation where safety regulations are being deregulated in exchange for this Product Liability Law, I think the condition will worsen" (per Attorney Hirano).

In an interview for a book written by Iwao Nakatani, *The Vision for Economic Reform*, Chief Director Shizuo Suzuki of Nomura Research Institute, a member of the Hiraiwa Research Council, states as follows:

"When Japanese consumers get something defective, they immediately blame the authority in charge for its lack of supervision. (paragraphs omitted) If the defect is covered by the PL Law, they should claim their damage in pursuant to the PL Law. Therefore, they shouldn't say such a stupid thing as lack of supervision."

On 14 October 1994, MITI decided to drastically reduce the number of electrical appliances, such as microwave ovens and televisions, that had been required to be tested for safety by the government, and, at the same time, to let private institutions assume the role of testing and certification, which used to be done by the government, so as to simplify the safety testing.

As Mr. Suzuki says, because of the enactment of the PL Law, those consumers that suffer damages have to confront the companies based on the principle of self-liability. At the same time, before we know it, the government has been relaxing its supervision and control over safety.

The "principle of self-liability" under the defective PL Law is like the capitalistic society in the 19th century, where consumers bought medicine for the cold containing mercury and died one after another. With the enactment of the PL Law, the watchdog on safety is leaving the stage. Now you have to take care of your own self.

Destruction of Employment Has Begun

We have examined various problems relating to current deregulation. But, what we consider as the biggest problem is the issue of employment.

We would like to examine this issue by looking at the case of contract stewardesses, which was supported in newspaper editorials as "going with the flow of deregulation."

Introduction of the contract-based hiring of stewardesses was announced by three companies after June last year in response to a proposal made by the Deliberative Council on the Airlines Industry. But, Transport Minister Kamei put a halt on the introduction of this

contract-based hiring of employees on the grounds of safety and equality in employment. At that time, newspaper editorials criticized Transport Minister Kamei, saying that his guidance "is going against the flow of deregulation," and that "the contract-based hiring of stewardesses should be introduced." All this still remains fresh in our memory.

Incidentally, the reason why these newspaper editorials had the same opinion is so simple. It is because members of the Deliberative Council on the Airlines Industry, which proposed deregulation in the employment area, include not only executives of the three airline companies that want to cut personnel costs, but also editorial writers from such newspaper companies as Asahi, Yomiuri, Nikkei, and Sankei. As these individuals wrote the editorials, naturally all were in favor of the contract-based hiring of stewardesses.

In the end, the issue was resolved by a decision to give contract stewardesses a chance to get hired as regular employees after three years of service. Starting in April, regular employees for domestic flights at three major companies—Japan Airlines, All Nippon Airways, and Japan Air System—will be gradually replaced by contract stewardesses.

At present, all airline companies in Japan are imposing a freeze on hiring "regular employees." No regular employee has been hired by Japan Airlines since the 1994 recruitment year and by other airlines—All Nippon Airways, Japan Air System, JAA [Japan Asia Airways], Japan Transocean—since the 1995 recruitment year. No discussion has been made on when to remove the freeze.

In other words, those who want to become stewardesses have no other way but to start as low-paid, "contract-based stewardesses."

Ms. Taeko Uchida (chief of the liaison office for passenger services) from the Executive Division of the Flight Attendants Union at Japan Airlines discusses the nature of this contract stewardess issue as follows:

"I think that all our efforts to secure our rights for many years have been thrown away by this contract-based system for stewardesses. Such as extension of the retirement age and elimination of the retirement system for those who get pregnant, for example. Twenty years ago, the retirement age was 30 in general. Then, we changed it to 40, and then to 60. By gradually improving their employment rights, women have finally become able to have a suitable work environment. We at Japan Airlines initiated, and then the labor unions at All Nippon Airways and JAS made similar requests for their rights. We really built each step at a time. Then, suddenly, everything went back to the starting point. That's how I feel—the history seems to be going backward.

"After three years of services, each contract stewardess will be reevaluated as to whether she can be hired as a regular employee. What happens to those who are not

hired as regular employees at that time? This is tantamount to a revival of the early retirement system; we'll have to retire as stewardesses at the age of only 24 or 25. Another major problem is that as contract stewardesses are going to be assigned to domestic flights, regular employees who have been stewardesses for domestic flights will be ordered to work on international flights."

At Japan Airlines, concurrent with the adoption of the contract-based hiring system for stewardesses, another proposal was made. It was to abolish the base in Haneda as of the end of March 1995 for 450 flight attendants working on domestic flights, asking all of them to move to the base for international flights.

"Among these flight attendants, some people had elderly or handicapped relatives at home, making it impossible for them to work on international flights, and some others had children to raise, making it difficult to work on international flights. In the end, these individuals—60 people—took early retirement. Currently, 260 people remain in Haneda. As there are only six months left, they are forced to make decisions soon. In effect, it is like they are being fired from their jobs."

Contract stewardesses at Japan Airlines will be on "temporary assignment" from a different company, Japan Air Charter. This practice seems to be in clear violation of the Law on Dispatching Laborers. Therefore, Japan Airlines is requesting deregulation to increase the number of applicable job categories under the Law on Dispatching Laborers so that "flight attendants" will be considered as dispatchable laborers.

At the place of employment, the "rights of the employed" are, by nature, the "regulations for the employer." Therefore, deregulation for the employer tends to mean "elimination of some rights" for the employed. A review of "vested rights" that has been emphasized in carrying out deregulation means not only elimination of market-entry barriers for corporations, but also elimination of the rights in employment and at work places. In other words, it includes elimination of "regulations on how people can be employed."

Four economic organizations issued their wish lists on deregulation all at the same time in December last year. These lists contained elimination of the sector-by-sector minimum wage system, [expanded] application of the Law on Dispatching Laborers, elimination or relaxation of the rules on protection of women and children under the Labor Standards Act, elimination of the rule on "paid" time-offs, and others.

In other words, deregulation also means a complete change in the minimum standards for employment and welfare at the national level.

Another major problem relating to this contract-based system for stewardesses is that the adoption of this system will drastically reduce the amount of real wages earned by workers in the airlines industry.

For example, at Japan Air System, where all conditions from the corporate side have already been laid out, an hourly wage for a contract stewardess during working hours is only 1,200 yen. An annual compensation, including various allowances, amounts to only about 2.4 million yen (estimated by the company). The wage is so low that it would be difficult even for one person to make ends meet in Tokyo. As an annual salary for a regular employee right out of college was 5.32 million yen (estimated by the union) three years ago, the real wage will be reduced by more than a half.

At present, Japan Airlines has about 6,000 regularly employed stewardesses. The flight attendants union at Japan Airlines estimated how many of these stewardesses would be replaced by contract stewardesses by 1997, based on the company's mid-range plan. According to this estimate, the number of regular employees will be reduced to 4,300 from about 6,000 by 1997, and there will be 2,000 contract employees. A simple computation shows that the real wages for stewardesses will decrease for sure by more than 16 percent in three years.

In the United States, as well, the real wages for workers in the airlines industry decreased by 24 percent due to deregulation. But, this decline in wages took 14 years. In Japan, therefore, the collapse of wages will occur at a more rapid pace than in the United States.

To this serious blow to employment, the supporters of deregulation make the following counterargument:

Certainly, it is unavoidable to accompany "pains" in the employment area in those industries that have been protected by regulations. Therefore, it is necessary to have such measures as reeducation programs and promotion of labor mobility. And, with such policy measures, those workers who become unemployed in the regulated industries will move on to work in new industries.

In fact, there are some people who have already gone through a similar process in Japan.

These are 23,660 former employees of the National Railways who were not hired by the new employer, JR [Japan Railways], at the time of the break-up and privatization of the National Railways, but were transferred to the National Railways Liquidation Corporation. They received training at the Liquidation Corporation to find employment.

For example, in the case of the Kitami branch office of the National Railways Liquidation Corporation (which was dissolved five years ago), 58 former employees of the National Railways were retrained.

Of these 58 people, 21 found new employment in private industries.

With full cooperation from the National Railway Workers' Union, we conducted followup studies of what

had happened to these 21 individuals. We found out that 12 of these individuals had been dissatisfied with new employers and changed jobs two or three times.

Let me cite some examples.

Mr. H.K. (38 years old). He has a wife and two children. His basic salary at the time when he left the Liquidation Corporation was 175,700 yen. He was hired by a freezer-maintenance company. His job was plumbing and piping. He left the company in six months, and found a job at a lumber company. He had to work overtime every day, and his monthly salary was about 150,000 yen to 160,000 yen. Two years later, he became ill. After his recovery, he was assigned to merchandise control, working until midnight everyday. He couldn't bear this arduous work schedule, and left the company four months later. He worked as a temporary driver for four months. At present, he works at a construction site. Although he has to work until late at night, he is not paid for the overtime or a bonus. Since he left the Liquidation Corporation, he has changed jobs five times. He says, "I'm worried very much about how long I will be able to continue working in the current job."

Mr. A.T. (37 years old). He is single. His basic salary at the time when he left the Liquidation Corporation in March 1990 was 161,000 yen. When his term for receiving unemployment benefits expired in October, he became a longshoreman, with one-day off per month and a monthly salary of 220,000 yen. Due to the strenuous physical labor, he became sick in three months. Starting in June the following year, he was employed as a sales and installation worker dealing with hoods for garages and entry ways. He works from 0830 to 1900 at the earliest. His current monthly salary is 150,000 yen to 160,000 yen. He has changed his jobs twice. He says, "The job is tough, but since there are no good jobs available, I am resigned to hold on to this job."

Mr. M.H. (53 years old). He has a wife and two children. His basic salary at the time when he left the Liquidation Corporation in April 1990 was 257,000 yen. He became a seasonal worker at road construction sites. He works for nine months from April to December, and receives unemployment benefits from January to March. Wages are paid daily and monthly, with no allowances.

Mr. T.N. (33 years old). He has a wife and a child. His basic salary at the time when he left the Liquidation Corporation in September 1988 was 154,800 yen. He was hired by a painting company. Both the wage and the work conditions were the worst. He works from 0800 to no end (depending on the day). He gets a day off once a month. His net monthly salary is 170,000 yen. He says, "There is no job anywhere locally. It's tough, but I can't quit the job."

Mr. K.M. (38 years old). He is single. His basic salary at the time when he left the Liquidation Corporation was 181,500 yen. He has moved from one transport company to another for four times in total. At the first company,

he was retained as a junior employee, although he had been promised to be hired as a regular employee. Because of this company's breach of promise, he left the company. At the second company, he became ill, and was pressured to leave the company. At the third company, he was a temporary worker. He has been at the current company since 1992. His net monthly salary is 160,000 yen to 170,000 yen.

Since they left the Liquidation Corporation, their spouses have also been working in general. When they landed new jobs, they found out that the working conditions were different from what they had been promised, or that there were no days off, or that they became sick due to strenuous work. Since they left the National Railways and lost their jobs, they have been going through a common "downward" cycle of changing jobs.

Chairman Seiji Kinoyama of the Executive Committee at the Nayori branch office of the Asahikawa Headquarters of the National Railway Workers' Union and Deputy Chairman Ryoko Fujitani of the Wakkanai struggle group of the same headquarters state as follows:

"At the time of breaking up and privatizing [the National Railways], Prime Minister Nakasone said that he would not let anyone become homeless. But, his promise was wrong from the beginning. Deregulation seems to indicate the same thing as the break-up and privatization of the National Railways."

The Era of Weeding Out

In its report on the "Analysis of Economic Effects of Deregulation and Employment Policies" issued in November last year, Keidanren estimated that because of structural adjustments of industries due to deregulation, "9.34 million jobs may be lost."

Unemployment of 9.34 million people. If this estimate is correct, it will be a major problem. In other words, a confusion in the scale of 400 times the magnitude of what happened to 23,660 people from the Liquidation Corporation of the National Railways will occur in all those industries where deregulation is to be carried out. Incidentally, in 1985 alone when the breakup and privatization of the National Railways were carried out, 70 former employees of the National Railways committed suicide.

Keidanren's report also estimates that as 10.64 million jobs will be created by new industries owing to deregulation, "we can expect a net increase in employment opportunities for 1.3 million people." Even though this number of jobs may be created, the wages for these new jobs will be much lower than those for old jobs, as in the case of replacement of regular employees by contract stewardesses, whose salaries are less than a half of those paid to the regular employees.

In the late 1970's and 1980's when deregulation was carried out in the United States, many people in the industries that had been regulated became unemployed.

Those people who lost their jobs were absorbed mainly into new industries, such as new types of retailers as "Walmart" and "McDonald's." According to the data compiled by the Labor Statistics Bureau, the average wages in these new industries were less than a half of those in the old industries.

The OECD (Organization for Economic Cooperation and Development) conducted a two-year research study on the worsening employment situations in advanced countries, and reported the results in the summer last year. In the report, OECD concludes that the problems in the United States were a reduction of real wages of workers in the 1980s and the consequent bipolarization of [social] classes.

This bipolarization, or the era of weeding out, has already begun in Japan, as well.

The Finance and Monetary Research Institute of the Ministry of Finance conducted a research study entitled "Market Economies and the Role of Government" in 1993. The report contains the following passage:

"Capitalism by nature does not guaranty income equality. But, on the other hand, unless the society is composed of a large group of solid middle-income people, it cannot achieve a high level of economic efficiency."

We agree completely. Yet, we would like to add the following:

Unless the society is composed of a large group of solid middle-income people, democracy cannot function well.

A quiet anger of a former employee of the National Railways who has to live apart from his wife to work as a seasonal worker, or an anguish of an independent liquor store owner who has to compete for his life against big supermarkets—we must pose and think about them again, and reexamine what should be done in Japan now.

Tokyo, European Union Begin Auto Talks 30 Mar
OW3003122195 Tokyo KYODO in English 1156 GMT
30 Mar 95

[FBIS Transcribed Text] Tokyo, March 30 KYODO—Japan and the European Union (EU) on Thursday [30 March] began two-day talks in Tokyo to set a calendar 1995 ceiling on Japanese auto exports to Europe.

Citing the growing European market, the Japanese side is believed to have sought a raise to over one million vehicles from last year's 993,000 vehicles in the ceiling.

In the previous February meeting, the EU rejected the Japanese request, citing a plunge of nearly 20 percent in EU-bound Japanese car exports in 1994.

Japan is also believed to have requested that the three new EU countries of Austria, Finland and Sweden be excluded from the scope of the auto export ceiling.

claiming that its application would not be consistent with rules of the World Trade Organization (WTO).

Both parties will probably agree to expand this year's ceiling to some one million vehicles, including shipments to the three new EU countries.

Japanese carmakers' combined shipments to the three nations totaled around 100,000 vehicles in 1994.

The 1991 accord between Japan and the former European Community calls for the two parties to monitor Japanese exports during a 1993-1999 transitional period before the EU auto market is fully liberalized in 2000.

Japanese shipments sagged 16.5 percent in 1994 to 818,000 vehicles, sinking below the 993,000 ceiling.

Agreement Reached With DPRK To Resume Talks

Kubo Interviewed on Talks

OW2903170495 Tokyo TOKYO SHIMBUN in Japanese 28 Mar 95 Morning Edition p 2

[Interview with Wataru Kubo, secretary general of the Social Democratic Party of Japan, by TOKYO SHIMBUN reporters Masaya Takada and Uichiro Oshima in Tokyo on 27 March]

[FBIS Translated Text] The following is an interview with Wataru Kubo, secretary general of the Social Democratic Party of Japan [SDPJ].

[Reporter] What is the most important purpose of the dispatch of the coalition's delegation to the DPRK?

[Kubo] Its most important mission is to quickly resume the Japan-DPRK government-level normalization talks which have been suspended since the eighth meeting.

[Reporter] What is the nature of a new draft accord the ruling parties aim to conclude with the Workers Party of Korea [WPK]?

[Kubo] It means that an agreement will be reached to pave the way for normalizing the government-level negotiations. Therefore, it is different from the 1990 joint declaration. One of the discussion points regarding the new accord is how to define "the unhappy past" stated in this accord. But it may be difficult for the delegation to find an answer to that.

[Reporter] The draft accord clearly states the resumption of dialogue "without any conditions." But, there may be gaps in perception between the both sides.

[Kubo] That was why I was cautious about sending the delegation. The DPRK may claim that this means the issue of nuclear weapons development—one reason for suspension of the normalization talks—will not be brought up to the government-level negotiations (in the future). However, Japan's understanding is entirely different, as it believes such a condition will not be set.

[Reporter] Who formulated this draft accord?

[Kubo] As far as I know, the draft accord was proposed by the WPK, while WPK Secretary Kim Young-sum and Koichi Kato, Policy Research Council chairman of the Liberal Democratic Party, were holding discussions. Japan replied that it basically agrees with the proposal while noting a couple of points to be revised. This was recorded in faxes sent between the two nations.

[Reporter] What do you think of the handling of the 1990 "Three-Party Joint Declaration" which stipulates that Japan should compensate the DPRK for the suffering it endured during the 45 post-war years?

[Kubo] The new draft accord does not mention the joint declaration, but states the need for "making a clean slate of the unhappy past." One could say this means we no longer insist on the joint declaration or the other could say it indicates the spirit of the joint declaration is still alive. It would be good for the two nations to discuss it and reach an agreement. But the discussion should not ruin the chance for resuming government-level negotiations.

[Reporter] If the new accord is reached, will the joint declaration become void for all practical purposes?

[Kubo] That would be all right if the DPRK has no objections. Our goal is to normalize bilateral relations.

[Reporter] It appears that the delegation will be sent without having a clear idea about what position the DPRK will take.

[Kubo] We have not fully understood that. But as far as I know, the WPK will compromise when it is necessary for normalizing bilateral relations. Regarding the joint declaration, my understanding is that the DPRK would be happy if the spirit of the declaration is respected.

[Reporter] That aside, what do you think will be discussed on this political occasion?

[Kubo] Michio Watanabe (delegation leader and former foreign minister) is a good speaker and will discuss wide-ranging issues with the North. It would be unnatural for him not to talk about U.S.-DPRK relations, the Korean Energy Development Organization (KEDO), and the nuclear weapons development. I want the U.S.-DPRK agreement to be respected. He may have to explain Japan's stance on the issue of providing the ROK light-water reactors to replace the DPRK's graphite reactors.

[Reporter] Watanabe is claiming "discretionary power."

[Kubo] What he saying is that the government should respect the agreement reached by the coalition delegation. He will act as leader of the delegation with the limits of a political party in mind.

Government's Mixed Feelings Noted

OW3003030395 Tokyo NIHON KEIZAI SHIMBUN in Japanese 29 Mar 95 Morning Edition p 2

[FBIS Translated Text] Officially, the government welcomes the fact that the ruling coalition parties and the

Workers Party of Korea have basically agreed to reopen negotiations to normalize relations between Japan and North Korea at an early time. It hopes that "more in-depth discussions will be held" (according to Chief Cabinet Secretary Kozo Igarashi).

However, with regard to when negotiations will resume at the governmental level, some take the optimistic view that "this may come unexpectedly soon" (for instance, Igarashi), while many others think "it is absolutely unpredictable; in reality, it would be extremely difficult because questions such as the nuclear issue will come into play" (according to a senior Foreign Ministry official). There definitely is a measure of doubt among some officials.

Although the international consortium to supply North Korea with light-water reactors, the Korean Peninsula Energy Development Organization (KEDO) has been launched, negotiations between the United States and the DPRK on the supply contract have run into a snag at an early stage over the question of whether the DPRK would accept ROK light-water reactors. There has also been no progress in attempts to improve relations between North and South Korea. The Foreign Ministry is concerned that reopening talks between Japan and the DPRK under these circumstances "may affect the coordination of positions between Japan, the United States, and the ROK on the nuclear issue."

The fact that the question of how to deal with the [1990] three-party communique remains ambiguous is also a cause for lingering anxiety.

Moreover, the reason behind North Korea's timing in asking Japan to reopen negotiations remains unclear. Many believe that "North Korea's purpose is to leave South Korea out of the entire process and draw aid from Japan by carrying out negotiations with the United States and Japan simultaneously" (according to a government source).

The Foreign Ministry is irritated by the fact that some people think "the dispatch of the present delegation to North Korea is the result of teamwork between the Liberal Democratic Party and the Foreign Ministry." A top Foreign Ministry official was indignant in claiming "this view is absolutely groundless" immediately before the delegation's departure.

Talks With DPRK Analyzed

OW3003124495 Tokyo NIHON KEIZAI SHIMBUN in Japanese 29 Mar 95 Morning Edition p 2

[Article by Kimihiko Yoshida: "Agreement Reached on Resuming Japan-DPRK Talks; Pending Issues Not Addressed"]

[FBIS Translated Text] Pyongyang, 28 Mar—In the background of the Japanese coalition parties and the Workers' Party of Korea [WPK] basically agreeing at their 28 March meeting to resume the Japan-DPRK

normalization talks soon lie intertwined the interests of the two sides. The coalition parties want to establish a general route toward the normalization of relations with the DPRK before Japan has to dole out its share of contributions to the Korean Peninsula Energy Development Organization (KEDO), while the WPK wants to use the resumption of the Japan-DPRK talks as a tool to cushion the international community's pressures on the DPRK as well as a means with which to help rebuild the country's economy.

However, while the agreement on resuming the talks has been made, the DPRK remains unchanged in its position on the question of the suspected development of nuclear arms, such other pending issues between the two countries as how to handle the joint 1990 declaration of three parties—the Liberal Democratic Party, the Social Democratic Party of Japan [SDPJ], and the WPK—remain unresolved. It is expected that there will be twists and turns before Japan-DPRK negotiations can actually start.

As far as the DPRK is concerned, it appears to be seeking to allay the rising international concerns about its suspected development of nuclear arms by improving relations with Japan. No doubt, the country also needs Japan's economic assistance to reconstruct its economy which is said to be in a shambles. Such national and international circumstances appear to have been the reasons behind the DPRK accepting the resumption of the talks without putting any conditions on it.

On the other hand, as far as the Japanese parties are concerned, as they anticipate the Japanese public will be critical about making contributions to the KEDO and "giving away such a large amount of money to a country which does not even have diplomatic relations with Japan," they want to preclude such criticism from happening in advance. On the part of the SDPJ, which has close connections with the WPK, there was also the desire to take this opportunity to show off the current government as "befitting the name of the Murayama government."

Meanwhile, when the focal question of nuclear arms development was brought up in the meeting and the Japanese delegation requested the DPRK's faithful implementation of the U.S.-DPRK agreements and promotion of South-North dialogue, WPK Secretary Kim Yong-sun countered, saying "nuclear arms have been brought into the South (ROK); nuclear inspections lack in fairness." He also said: "Maybe, such things as South Korean-type reactors do not even exist."

What all this means is that in this first political meeting, such issues pending between Japan and the DPRK as the three parties' joint declaration or rice supply assistance were not brought up as topics by either side—from the viewpoint of giving priority to the resumption of the normalization talks. A senior official of the Ministry of Foreign Affairs said these matters have been put into "the arena of the government-level negotiations."

Japan intends to go into the normalization talks with the DPRK while maintaining a framework of cooperation with the United States and the ROK. But it is certain that the DPRK will try to shake up Japan and the relationship among Japan, the United States, and the ROK by clever diplomatic strategy. With the United States and the ROK being wary of such "disturbance-creating strategy" by North Korea, it is difficult to tell which way Japan-DPRK relations will go.

Y500 Million Set Aside for 'Comfort Women'

OW2903150795 Tokyo KYODO in English 1448 GMT 29 Mar 95

[FBIS Transcribed Text] Tokyo, March 29 KYODO—The government has decided to set up an independent secretariat next month to begin a fund-raising campaign for a fund to compensate women forced into sexual servitude for Japanese soldiers before and during World War II, government sources said Wednesday [29 March].

The sources said a senior government official formally asked the Japanese Red Cross Society on Wednesday to help the planned secretariat by loaning Red Cross personnel and familiarizing the secretariat with a network of Red Cross organizations around the world.

Prime Minister Tomiichi Murayama's government has decided to provide the proposed fund with a subsidy of about 500 million yen.

An estimated 80,000 to 200,000 women, mostly Koreans, were forced to work at brothels for the Japanese Imperial Army before and during World War II.

Country Declares No Rice Supplies for DPRK

SK2903011895 Seoul YONHAP in English 0104 GMT 29 Mar 95

[FBIS Transcribed Text] Tokyo, March 29 (YONHAP)—First Minister of Political Affairs Kim Yun-hwan said Wednesday that Japan will not supply rice to North Korea as long as the North rejects South Korean rice.

Kim, who is visiting Tokyo in his capacity as chairman of the South Korea-Japan Parliamentarians' Union, said in an interview with YONHAP, "Those Japanese political leaders I've met concurred with us that Japanese rice should not be offered to North Korea while Pyongyang rejects rice from South Korea."

Kim conferred with former Japanese Prime Ministers Yasuhiro Nakasone, Kiichi Miyazawa and the ruling Liberal Democratic Party's chief policy coordinator, Koichi Kato, about the decision.

North Korea has rejected President Kim Yong-sam's offer of rice and other daily necessities, on a loan basis, which he made earlier this month in Copenhagen, Denmark.

Kim stressed that should Japan supply rice or other products to North Korea, it would undermine present peace efforts by the South to secure the Korean peninsula and improve inter-Korean relations.

When asked to comment on the accord, reached between a Japanese ruling coalition delegation to Pyongyang and the North's ruling Workers' (Communist) Party, to resume normalization talks without condition, Kim said, "It was already anticipated." The two countries will, however, have to overcome various turns and twists, he said.

Referring to a move in Japan's parliament to adopt a no-war resolution, Kim opined that chances are good that the coalition parties will adjust their differences and adopt the resolution. The Liberal Democratic Party is not opposed to the resolution, but merely find some legal problem in using the term of "no-war" while the Constitution guarantees the right of self-defense, Kim reasoned.

Kim is returning home from Japan Wednesday afternoon.

Firms Said Using 'Dirty Technologies' in SRV

OW2903044995 Tokyo KYODO in English 0404 GMT 29 Mar 95

[FBIS Transcribed Text] Hanoi, March 29 KYODO—Japanese-funded manufacturing and processing plants in Vietnam are using "dirty technologies" rather than environmentally friendly alternatives in a bid to minimize investment costs, an official media report said Wednesday [29 March].

The English-language VIETNAM NEWS quoted the Vietnam Association for Nature and Environmental Protection as singling out a cement plant financially backed by Mitsubishi Materials Corp. and Nihon Cement Co., and a Polyvinyl Chloride (PVC) factory in which a Mitsui Group Company has invested.

Also cited by name in the article was a PVC factory belonging to Marubeni Corp.

The report said the association found that most foreign projects in Vietnam from 1990 to 1995 have used polluting technologies "with very few willing to make use of modern manufacturing or processing techniques."

Even the most environmentally detrimental projects, the association said, have easily obtained licenses, due to the perceived need for development in Vietnam.

*** Postwar 'Asia Consciousness' Analyzed**

952B0118A Tokyo CHUO KORON in Japanese Feb 95 pp 44-58

[Article by ASAHI SHIMBUN editorial staff writer, Yoshibumi Wakamiya: "Welcoming the New Era of Asia"]

[FBIS Translated Text] Today, with the Cold War structure demolished, the weight of Asia in Japan is growing larger. The distorted "Asia consciousness" since the Meiji era has reached a major turning point toward a change in its essential character.

Contradicting Speech and Actions by Politicians

"The war inflicted indescribably tragic costs on many Asian peoples and the world. We feel deep empathy with the suffering and sorrow experienced by those peoples, and we wish to self-reflect deeply and to respectfully express our condolences."

This is a passage from the SDPJ [Social Democratic Party of Japan] Prime Minister Tomiichi Murayama's address concerning Asia at a memorial service for the war dead on 15 August 1994. However, it was Prime Minister Morihiro Hosokawa who first referred to the inflictions on Asia at a memorial service the year before.

Prime Minister Hosokawa stated: "We respectfully express our condolences, transcending national borders, to the war victims of our Asian neighbors and the entire world."

Lower house Speaker Takako Doi gave a similar speech, saying: "We have yet to reach an amicable understanding with the peoples of Asia who were forced to suffer tragic sacrifices due to our mistakes." Both statements mark the first time in the 48 postwar years that eyes were turned toward Asia by the aggressor nation at Japan's memorial service for the war dead.

That was not all. (The then) Prime Minister Hosokawa visited South Korea in November 1993 and stated at a meeting with President Kim Yong-sam in Kyongju as follows. "Due to Japan's colonial rule, the people of the Korean peninsula underwent insufferable pain and sorrow in various forms such as being deprived of school education in their native tongue, being forced to adopt Japanese surnames, and being conscripted for prostitution and forced labor. As the perpetrators, we wish to deeply self-reflect and apologize."

While a number of prime ministers have already issued statements of apology concerning the Korean peninsula, there was no prior mention of the concrete facts such as the change in surnames, and the statement was received in South Korea with great satisfaction.

This change was, of course, not unrelated to the dismantling of the long-term ruling power of the Liberal Democratic Party [LDP]. However, the SDPJ aside, the statement by Hosokawa, a conservative leader and a former LDP member, is indicative of the trend of the times.

Meanwhile a succession of cabinet members made eyebrow-raising remarks at about the same time.

"I still believe it was a mistake to define the Greater East Asia War as a war of aggression. Japan arose because it was on the verge of being crushed, and gave serious

attention to liberating the colonies and establishing a Greater East Asia Coprosperity Sphere. The war objectives were generally permissible at the time."

"I believe that the great Nanking Massacre was a fabrication."

These remarks were by Justice Minister Shigeto Nagano of Shinseito [Japan Renewal Party] during an interview with MAINICHI SHIMBUN immediately after the Hata cabinet was formed. Nagano, a former SDF [Self-Defense Forces] member, was forced to resign for his remarks.

In the Murayama cabinet also, the LDP's Environment Agency director Shin Sakurai was transferred soon after his appointment due to the following statements made at a press conference. "I do not believe Japan went to war with aggression in mind." "Thanks to Japan, virtually all Asian nations were able to become free from European control. As a result, education spread and gave momentum to economic reform throughout Asia."

Subsequently, Ministry of International Trade and Industry [MITI] Minister Ryutaro Hashimoto's reply to the Diet that "the Pacific war as a whole cannot be necessarily regarded as a war of aggression" caused a sensation. It did not develop into a responsibility issue because the wording was careful. However, his expressions consistently and cleverly avoided subjective judgments, such as "there are aspects that cannot escape being described as aggression" vis-a-vis China, and "actions that cannot avoid being called colonialism" vis-a-vis the Korean Peninsula. He also questions the term "aggression" used in the case of Southeast Asia which became a battleground. Hashimoto, who is also chairman of the Japan Association of Bereaved Families, appears to be voicing a minimum rebuttal.

Such statements by cabinet members bring into relief the more or less unsatisfactory series of apologies of atonement toward Asia. It is the true feeling once held in common by many conservative politicians.

In fact, during the long era of the LDP's single-party rule, a number of provocative remarks were made by cabinet members about Asia. For example, in 1986, Education Minister Masayuki Fujio in the Nakasone cabinet evolved his pet theory in BUNGEI SHUNJU magazine as follows. "The annexation of Korea by Japan was based on agreement in both form and fact. The Korean side was partly responsible." "If there was no annexation of Korea by Japan, is there any proof that China (Qing dynasty) or Russia would not have raided the Korean Peninsula?" This caused Prime Minister Nakasone, who was trying to improve relations with South Korea, to turn pale. Also, in 1988, Seiryō Okuno, director of the National Land Agency in the Takeshita cabinet, stated at press conferences and in the Diet: "The white race invaded Asia. It is the white race who are the aggressors. Why brand Japan as an aggressor or a militarist nation?"

In the cases of both Fujio and Okuno, they continued to resist resignation and stood by their "convictions" until they were replaced. Although these became major issues because they were cabinet members, there were not a few politicians who made similar statements on a regular basis.

The difference in Nagano and Sakurai from Fujio was that the two readily admitted their mistakes and resigned. It was not only a difference in individuals as politicians, but it also symbolizes the change in public opinion and the overall mood in political circles. Nonetheless, the Asian nations and the Japanese people cannot but be confused by the gap between the series of statements by the prime ministers and the succession of remarks by cabinet members.

With the war's end and the remarkable advancement by the Asian economies as the backdrop, Japan's relations with Asia are at a major turning point today. Japan's politics are faced with a response to the "new era of Asia." With this as a premise, this writer purports to inspect the trend of Asia consciousness in Japan's postwar politics.

Asia Outlook Not Learned From War Defeat

Japan is undeniably not merely a member of Asia racially and geographically, but also major elements of Japan's culture such as Chinese characters, Buddhism, and Confucianism came largely from the Asian nations of India, China, and the Korean Peninsula. In particular, it has approached China with respect as the mother of its culture. With the exception of the military invasion of Korea by Hideyoshi Toyotomi, it has a general history of continuous peaceful exchange with Asia.

Japan's Asia outlook became greatly distorted during the Meiji era when Japan opened its door to the West and began to modernize. In its nation-building stage, Japan looked upon the Asian countries that were already invaded by the Western powers and had fallen into tragic circumstances as "inferior teachers" lagging in modernization.

Yukichi Fukuzawa, whose motto was "de-Asianize and Europeanize" from the standpoint of catching up and passing the West, was typical. The idea was that Asia was inferior to the West in every aspect, and that Japan must strike out in Asia as necessary to compete with the West without being raided by the Western powers.

During this period, an Asia doctrine of de-Asianizing and Europeanizing, which seems antithetical at first glance, arose in Japan. However, rather than aiming for racial liberation from the Western powers in real unity with the Asian peoples, Japan cast its weight toward becoming "Asia's leader." It was an ideology which, hand-in-hand with the spirit of de-Asianizing and Europeanizing, propelled a series of advances into Asia. Following the Sino-Japanese and Russo-Japanese wars, the politically oriented colonialization of Taiwan and

Korea, and the path to the founding of Manchukuo laid down by the military, proceeded under these circumstances.

There is an aspect of the "Great War" (World War II) which indicates that fighting against Western imperialism resulted in the liberation of colonized Southeast Asia. However, the war objective in creating the "Greater East Asia Coprosperity Sphere" could not have been possible without the idea of establishing Japan's hegemony and securing resources.

As the result of the great war that began with the Japan-China incident and lasted for 15 years, Japan suffered a miserable defeat and experienced a major setback for the first time. It was an opportunity for Japan to drastically alter its Asia outlook, but in reality the Asia consciousness among many Japanese political leaders changed little.

The reason is that Japan's defeat and the release of its colonies were interpreted as due to the West's overwhelming material and civilization resources, and there was extremely little sense that "the defeat was due to the strength of the Asian masses."

The "reasons for defeat" made public after the war by Prime Minister Prince Higashikuni points this out directly. As Kentaro Awaya states in *War Responsibility and Postwar Responsibility* (Asahi Shimbunsha Co.), the destruction of Japan's battle strength and national power were described in detail as the reasons for defeat, leaving only an impression that the defeat was due to U.S. scientific and material wealth. Thus, in contrast to the switch in Japan's outlook toward the United States from "the American and British devils" to a pro-U.S. stance, Japanese contempt toward Asian nations was continued.

Such consciousness among the politicians was tolerated by the West-led Far East Military Tribunal (Tokyo trials). While 25 military leaders and politicians received sentences including the death penalty as class-A war criminals (most serious cases), the charges centered on the instigation of war against the United States and not on responsibility for aggression against Asia.

To put it accurately, aggression against China since the Manchurian incident was included in the charges. However, those political leaders who aggressively supported aggression against China but resisted or were careful about war with the United States were free from indictment from the outset. Virtually all leaders of the moderate faction who cooperated with the tribunal escaped indictment due to their nebulous responsibility concerning aggression in China. Yutaka Yoshida points this out clearly in *Emperor Showa and the History of the War's End* (Iwanami Shinsho).

Although the barbaric colonial rule, including the repression of independence movements in Korea, was initially considered as reason for possible indictment of inhuman transgressions, it was eventually dropped. Given the fact

that the judging nations also held colonies, there was an apparent wish to avoid igniting debate on the pros and cons of imperialist colonial rule per se.

Also during the Tokyo trials, major right-wing figures like Nobusuke Kishi, a top bureaucrat in Manchukuo who bore heavy responsibility as minister of commerce and industry and vice minister of munitions (state minister) during the Pacific war, and Yoshio Kodama, who engaged in secret activities on the China mainland, were among those arraigned as class-A suspects but were released without indictment.

As is widely known, behind this "generous treatment" was the shadow of the Cold War. The Nuremberg trials against Nazi Germany ended in October 1946, but the Tokyo trials were terminated in November 1948, and the U.S.-Soviet confrontation had become decisive during the interim. Amid such circumstances, there was a growing judgment among the GHQ [U.S. General Headquarters] officers in charge of policies on occupied Japan that "anticommunist forces in Japan should be cultivated instead of weakening its conservative forces," and this led to the release of Kishi, et al.

Of course, many prewar politicians did not necessarily continue as politicians after the war. Many who cooperated with the war effort under national mobilization were "purged from public office" and were barred from political activity for at least a given period. However, as far as Asia consciousness among the leading politicians is concerned, it is difficult to discern any difference between prewar and postwar politicians.

Consciousness Epitomized by Shigeru Yoshida

Thus the leaders who laid the political rails in postwar Japan may center on those who were critical of the United States at the outset of the war, but few have been fully critical of aggression in Asia. It is epitomized by Prime Minister Shigeru Yoshida who succeeded in maintaining Japan's independence through the peace treaty with Japan.

Yoshida had opposed war against the United States and Britain ever since he was a diplomat. However, as John Tower points out in *Shigeru Yoshida and His Era* (Chuo Koron Bunko), he also supported an invasion of the China mainland as consul general in Hoten, Manchuria, or as vice minister for foreign affairs. Although he was against unrestrained moves by the military as causing reactions and friction, he is believed to have had no doubts about putting Korea and China under Japan's control and influence.

Yoshida's postwar Asia outlook is clearly indicated in Volume 1 of his book, *Ten Years in Retrospect* (Shinchosha), published in 1957 after his resignation as prime minister.

To summarize, 1) Japan as an independent nation since the Meiji era and the newly independent Asian states should be differentiated. 2) Japan's present political,

economic, and social conditions are more European than Asian. 3) The civilian standards of Asia-Africa are low and undeveloped, and do not rise above the level of underdeveloped nations. 4) However, there is stronger affinity between the Japanese and Asia than with the Europeans both geographically and racially. 5) It is best to develop Southeast Asia by combining U.S. capital with Japanese technology. 6) Japan should contribute by assisting economic development in Asia-Africa and inculcating the values of freedom. It may be said that the representative Asia outlook since the Meiji era has been followed, albeit in a moderate and new form.

In 1949, Prime Minister Yoshida wrote a letter to General MacArthur, supreme commander of GHQ, requesting the return of South Korean and North Korean residents in Japan to their homelands.

The letter states as follows. 1) In view of Japan's food situation, the sustenance of a surplus population is impossible, and it is unfair to future generations to be burdened with obligations to the United States for food imports distributed to the Koreans. 2) The great majority of Koreans have contributed absolutely nothing to Japan's economic recovery. 3) Korean criminal elements make up a large percentage, and many are communists or sympathizers (From the MacArthur Memorial Library; translated by Yasuaki Onuma).

The letter is full of shocking discrimination and biases when read today. It is no wonder that the GHQ did not accept it, but it could not possibly have been Yoshida's unique view. Regardless of the public safety problem at the time, the fact that the prime minister had such an opinion about North and South Koreans living in Japan as a result of colonial rule should be interpreted as indicating the typical Asia consciousness of that era.

Asian Strategy During the Cold War

The East-West Cold War went on during the Yoshida administration and the framework of Japan's diplomacy was formed as cooperation with the West. China and half of the Korean Peninsula for which Japan must be responsible as the aggressor became communist states. In 1950, the Korean war started and China eventually joined the war.

While Japan avoided military action, it serviced the West's bases in Asia under strong U.S. prodding and, with that as a premise, it was able to return to international society and to receive support for economic growth. With close Asian neighbors posing new threats, the consciousness of responsibility for past aggressions gradually receded among Japan's politicians.

The U.S. Asia policy was fully reflected in Japan. Neither China nor Taiwan participated in the peace treaty with Japan signed in San Francisco in 1951. However, Japan complied with the strong U.S. desire and opted to deal with Taiwan's Nationalist Party government. It signed the Japan-China (Taiwan) treaty when the peace treaty

became effective in April of the following year. This was reportedly a decision by U.S. Secretary of State Dulles which superseded Prime Minister Yoshida's desire to negotiate with Mainland China.

Concurrently, Japan began negotiations for normalization of relations with South Korea in accordance with U.S. intentions and also adopted an aggressive stance of strengthening economic ties with Southeast Asia. Economic aid to Southeast Asia was offered together with postwar reparations. Thus, reparation agreements and peace pacts with various nations were signed successively by the Yoshida, Hatoyama, and Kishi cabinets.

Amid the increasingly serious U.S.-Soviet faceoff, the successor Hatoyama cabinet took a reverse course of seeking constitutional reform. It staked its fate on revising Yoshida's pro-U.S. policy and restoring relations with the USSR. While leaving behind the major issue of the return of the northern territories, it restored relations with the Soviets and succeeded in making a full return to international society with United Nations membership.

The next task was improvement of relations with China. The inauguration of Prime Minister Tanzan Ishibashi—one of the few conservative politicians who criticized advances into China before the war—was seen as an opportune moment, but he fell ill. Also, the fact that Kishi, who had already made a comeback in politics and was appointed foreign minister (soon after his defeat by Ishibashi in the post-Hatoyama LDP presidential election), became his successor was one of the ironies of history.

Kishi, influenced by nationalism since his student days, was a high official involved in the creation of Manchukuo and a direct opposite of Ishibashi within the LDP. Moreover, Kishi, who had switched from a different prewar past to a pro-U.S. line, walked in step with the United States and earnestly engaged in the "containment of China."

In 1958, prior to his long-desired U.S. visit, Prime Minister Kishi successively visited India, Pakistan, Sri Lanka, Thailand, and Taiwan. It was the first Asian tour by a prime minister before and after the war. Particularly in Taiwan, he furthered friendly relations with pro-Japan President Chiang Kai-shek. President Chiang, who had adopted the pro-Japan slogan of "repay enmity with virtue," was therefore regarded highly by Japan's conservatives.

It is written in the *Nobusuke Kishi Memoirs* (Koseido) that Kishi's Asian tour was made "in preparation for" his visit to the United States for the purpose of revising the Japan-U.S. security pact.

He reportedly judged that, by expressing his regret about "troubles caused during the war" and deepening mutual understanding with the heads of Asia's newly rising states and thereby bringing Japan into sharp relief as the

hub of Asia, he would be "fortifying my position" in diplomacy vis-a-vis the United States.

Following his U.S. visit, Prime Minister Kishi toured the remaining Southeast Asian nations. It was based on a strategic consciousness that the series of Asian diplomacy would serve to aid Asia's economic growth and prevent the spread of communism, and thereby enhance Japan's presence. Anti-Japanese sentiment remained strong in Southeast Asia, but Japan succeeded in "returning" to Asia under the causes of "anticommunism" and "economic development."

This direction proved generally successful. However, Japan's economic advancement—the flip side of economic aid—became linked to antigovernment sentiment in the often dictatorial and corrupt governments of Southeast Asia, and evoked resentment among the masses. In 1974, Prime Minister Kakuei Tanaka, who toured Southeast Asia, was met in Thailand and Indonesia by fierce anti-Japan demonstrations and riots. Prime Minister Takeo Fukuda, who visited Southeast Asia in 1977, announced the three principles of the Fukuda doctrine emphasizing a "linkage of hearts and minds" as follows. 1) Seek thorough peace, 2) build trust as true friends, and 3) cooperate as equals. It was based on self-reflection regarding an overemphasis on economics. (The three principles subsequently formed the bases for Japan's Asian diplomacy.)

Japan-South Korea relations were normalized in 1965. However, it resulted in a decisive deterioration of relations with North Korea. While it was a realistic choice reflecting the division on the Korean Peninsula, the problem of settling the past was left unsolved regarding one-half of the peninsula. The performance by North Korea, which later became increasingly isolated internationally, further pushed the problem beyond reach.

The establishment of the East-West Cold War structure resulted in the "1955 system" centering on the LDP and SDPJ. The SDPJ evolved opposition diplomacy from the position of the East and, while fiercely confronting the LDP, it filled a role beyond the LDP's reach. In Asia, the SDPJ increased amity with China and North Korea. It was in 1959 when Secretary General Inejiro Asanuma visited China and created a sensation with a joint declaration that stated: "U.S. imperialism is a common enemy of the Japanese and Chinese peoples."

An incident that further complicated Japan's Asia consciousness during the Cold War era was the Vietnam war. The Japanese Government generally supported the United States, but the opposition was severely critical, largely dividing public opinion. Intervention in Vietnam may have been based on the "good intentions" of the United States, which placed prime value on freedom and independence, but many Japanese, including a part of the LDP, regarded it as excessive interference in Asia and contrary to racial self-determination, and anti-U.S. sentiment arose.

China Outlook Differs From West

As was previously stated, postwar Japan-China relations were cut off and became distorted for a long period due to China's communization and Japan's entry into the Western bloc. Particularly when the China-Soviet confrontation became clear, there was a tendency among the Western leaders to view it as follows. "The Chinese Communist Party which participated in the Korean war, preaching the principles of Marxism, is a more dangerous and inscrutable adversary than the Soviet Union which has turned toward revisionism." George Kennan who was deeply involved in U.S. foreign policy-making during the Cold War is probably typical. It is believed that the U.S. containment of China stemmed from such fear.

However, there was greater distrust in Japan toward the USSR which abruptly declared war in the final stages of World War II and occupied the northern territories, and there was basically a more friendly attitude toward China. Within the LDP also, not a few politicians were keen on improving Japan-China relations based on a China outlook that differed from the United States.

Japan not only had a long history of exchanges and cultural imports from China, but also inflicted considerable damage with the buildup of Manchukuo and military aggression. Moreover, it was judged that, in the future, China would definitely become a world power and that friendly Japan-China relations represented the key to peace in Asia. A latent "awe" of China existed parallel with a feeling of contempt that was born in the modern era, in addition to a fear of communist China.

The LDP politicians working to better Japan-China relations centered on Tatsunosuke Takazaki, Kenzo Matsumura, and others who paved the way to open trade with China (LT trade) in 1961, based on the policy of "separation of politics and economics." Although many of them were not members of the group with power in the LDP, their policy was supported by the conservative mainstream.

For example, Kiichi Miyazawa—a Yoshida follower who walked the conservative mainstream line—wrote in his *Dialogue With the Socialist Party* (Kodansha) published in 1965: "It is questionable whether such an intelligent people as the Chinese really believed a stupid philosophy like Marxism," and was one of those who urged normalization of relations with China. Such a China outlook was, in fact, in the tradition of Yoshida who had no choice but to terminate relations with China.

Perhaps at the base of the disparity between the Western nations and Japan in their outlook toward the Soviet Union and China was the difference between the "West" and the "East." Also, as another factor, the SDPJ, including the Marxist-Leninists, was divided at this time into the pro-Soviet and pro-China factions that were engaged in a heated intraparty dispute.

The reason why the improvement of Japan-China relations made little headway was because the government and the LDP were not only bound to amicable relations with Taiwan, but also because of the strong U.S. policy of containing China. However, amid the global trend toward recognition of China, the LDP eventually began to move against the government. This reached a climax in 1971. In July of that year, U.S. President Nixon announced a plan to visit China, and he embarked on rapprochement with China, bypassing Japan. In October, China's membership in the United Nations was decided. Japan had failed to join the global trend.

A group of supraparty Dietmen, including many LDP members, was already conducting a signature campaign for restoration of Japan-China relations. However, because the Japanese Government opposed China's UN entry to the end, the opposition parties jointly submitted a no-confidence resolution to the Diet against then Foreign Minister Takeo Fukuda. Twelve LDP members led by former Foreign Minister Aichiro Fujiyama took leave from the lower house plenary session and joined the no-confidence vote. The present LDP president, Yohei Kono, was also one of them, and a mood to drop the curtain on the powerful Sato administration arose about this time.

The following year, Kakuei Tanaka called for "normalization of Japan-China relations" and won ruling power. The presidential election ended in a showdown vote with Takeo Fukuda, but Takeo Miki and Masayoshi Ohira agreed with Tanaka's public commitment for a Japan-China breakthrough and threw their support to Tanaka, resulting in the advent of the Tanaka administration. A change in government based on the Asia policy as the issue was unprecedented. Thus, the establishment of friendly relations with China, transcending differences in the systems, formed the axis for Japan's diplomacy parallel with Japan-U.S. relations.

The strengthening of Japan-China relations grew markedly with China's promotion of reforms and an open-door policy in step with the end of the Cold War. The arrangement of the emperor's visit to China in 1992 by the Miyazawa administration was typical. In contrast to the inability of the United States even today to solidify relations with China because of the human rights problem, Japan tends to prioritize Japan-China amity, even overlooking certain problems. It undoubtedly stems from fear resulting from the close geographical proximity as well as from its traditional China outlook.

However, a cautious view against optimism concerning China's future has surfaced recently in the political circles. The presence of China, which retains a powerful political system and appears to be bent on becoming a world military power without halting nuclear testing, is seen as posing a major threat in Asia in the future, including its potential strength for economic development. Linked with this view is a movement within the LDP—which cannot be overlooked—to repair ruptured Japan-Taiwan relations.

Complex Japan-South Korea Relations

Meanwhile, the improvement of Japan-South Korea relations has followed a complex path. In contrast to Taiwan, which was also a former colony, extremely strong anti-Japanese emotions prevailed in South Korea after the war, led by President Syngman Rhee. Partly due to Japan's stance in endeavoring to protect its interests, the talks on normalization of mutual relations took 13 long years from the beginning in 1952 to settlement.

The Japanese side used rhetoric to justify colonial rule by pointing out that "we contributed in many ways to promote the modernization of South Korea." A typical statement was made in 1953 by Japan's chief delegate, Kanichiro Kubota, saying that "Japan's rule of South Korea has brought benefits to the South Korean people." The statement totally omitted any reference to the fact that Japan's colonization was essentially enforced through power, that it obstructed the potential rise of modern capitalism in Korea, that all capital assets in Korea were confiscated, and that, based on the policy of mandatory Japanese citizenship, the people were deprived of their unique culture, language, family names, and religion. It therefore evoked a strong reaction in South Korea. The negotiations became deadlocked and were suspended for four years.

The Kishi administration managed to reopen the talks, but little progress was seen. Nonetheless, when the Park Chung-hee administration made its debut through a military coup d'etat, momentum for progress appeared and a settlement was reached in 1965 with the Sato administration. While there was opposition in South Korea that the treaty's content was humiliating, there was also resistance on the Japanese side to the fact that South Korea was one-half of a divided nation and moreover under a military dictatorship, and fierce anti-pact demonstrations took place in both nations. Notwithstanding, the two governments reached an agreement based on the need to build a united front against the "threat of communism." It was also backed by strong U.S. pressure for solidarity between the two nations amid the Cold War.

Japan's "pro-South Korea faction," which had kept the closest ties with South Korea under military rule, centered on the LDP right-wing in the tradition of Kishi who reopened Japan-South Korea talks, but there was a major contradiction. Many of the pro-South faction were imbued with a strong racial bent toward justifying past history, supporting aspects that were inherently incompatible with South Korea's anti-Japanese mood.

The contradiction was exposed during the approval of textbooks in 1982. It focused on the approval of history books by the Education Ministry. The fact that an edict was given to revise the previous term "invasion" to "advance" became an issue, and was strongly criticized by China and South Korea. At the time, while inwardly rejecting the protests, the LDP right-wing was in a dilemma of inability to maintain its stance because of

the pro-South faction. South Korea and China tend to agree, transcending ideologies, as far as sharp questioning of Japan's past is concerned. However, if the denunciation of the textbook issue had emanated from China alone, the LDP rightists would undoubtedly have strongly rebutted it.

As a reaction from such self-contradiction, Education Minister Fujio's (aforementioned) statement rebutted that Japan's annexation of Korea "was based on agreement with Korea." Although Fujio was a representative member of the LDP right-wing within the Fukuda faction which succeeded the Kishi faction, whereas Kishi had changed to a "pro-U.S. stance," Fujio belonged to the consistently anti-U.S. "pure race faction." Fujio was distanced from Japan-South Korea relations which used "pro-United States" as the medium, and could therefore readily criticize South Korea without qualms.

Meanwhile, Japan-South Korea relations were complicated on the South Korean side not only by its existence as a segment of a divided nation in confrontation with the North, but also by its very nature as a military dictatorship. A typical case in point was the kidnapping in Japan of Kim Dae-jung, an antiestablishment politician, by South Korean government agents in 1973. Also, due partly to the lack of clarity in Japan-South Korea economic relations, there were rumors in some quarters of "Japan-South Korea collusion."

Consequently, even within the LDP, the Kochikai [present Miyazawa faction], which clashed with the Kishi-Fukuda faction and the so-called "dovish faction," distanced themselves from South Korea, and Japan-South Korea friendship thus failed to gain ground even among the conservative politicians (a substitute role was played by the SDPJ). Conversely, in South Korea, protests against the military regime among the masses and opposition parties surfaced as "anti-Japanese reaction."

Of course the position of North Korea sympathizers also became difficult due to the North's international isolation. Komeito, which was close to the North at the outset, changed its stance toward the South in the early 1980's. It was followed by the SDPJ which had maintained the closest relations with the North and, beginning in the era of Chairman Masashi Ishibashi, it began to search for a breakthrough in its relations with the South. The Japan Communist Party [JCP], with its unique direction, fell into a decisively confrontational relationship with the North about this time.

In that sense, South Korea's trend toward democratization, which led to the advent of the Kim Yong-sam administration, drastically improved Japan-South Korea political relations. The reason was that it provided a clear cause to not only the LDP members, but also the SDPJ for a change in policy vis-a-vis the South. The birth of a civilian South Korea government is not unrelated to the fact that the threat by the USSR and China, which backed North Korea, were removed with the promotion of South Korea's "northern policy" and the end of the

Cold War. Similarly, with the Cold War's end as the backdrop, non-LDP administrations and an LDP-SDPJ coalition administration appeared successively in Japan.

The chairman of the SDPJ, which once clashed headlong with South Korea, became the prime minister and soon after visited South Korea, promising mutual cooperation with the South Korean president. This means that relations between the two nations moved into a natural neighborly relationship unhampered by the "Cold War," "anticommunism" and "pro-Americanism."

Political History of Apologies

"Apology" about the past has constantly raised a political problem in establishing amicable relations with the Asian nations. It became an extremely serious problem during the final stages of the Japan-South Korea negotiations. Despite strong reaction within Japan against the "demeaning diplomacy of apology," it was the visit to South Korea by Foreign Minister Etsusaburo Shiina that overcame it. In February 1965, during the final stage of the treaty talks, Shiina stated at the Seoul airport: "It is extremely regrettable that unfortunate incidents happened in the long history between the two nations for which we self-reflect deeply," thus meeting the expectations on the South Korean side. These words enabled the treaty to make immediate progress toward a culmination, and the sense of the terms "regret" and "self-reflect" on the Japanese side was inserted in the joint communique.

The fact is, Shiina himself was a politician affected by the prewar sentiment. In his book, *Children's Stories and Politics*, published in 1963, he wrote: "If the rule of Taiwan, the annexation of Korea, and the dream of harmony among the five races of Manchuria in order to protect Asia and maintain Japan's independence is called Japanese imperialism, it was a glorious history." It suggests that the apology in Seoul was based on a mere high-level political judgment.

In fact, five years before, in 1958, Prime Minister Kishi sent his close friend Kazuo Yagi as special emissary to South Korea in an effort to return to the talks that were disrupted by the Kubota statement. According to the recently published *South Korea-Japan Detente* (Saimaru Co) by Kim Dong-jo who was involved for a long time in the talks, when Yagi met President Syngman Rhee, he handed him a signed letter from Prime Minister Kishi, profusely praised the president as "a great anticommunist fighter of the free world" in line with Kishi's message, and added the following comment: "As a native of the same province as Hirofumi Ito who aggravated Korean-Japanese relations in modern history, Prime Minister Kishi is working to amend the mistakes against South Korea."

President Rhee was deeply moved, and he urged Yagi to publicly repeat the remark at a press conference with South Korean reporters. Yagi obliged.

This fact is not very well known in Japan. Perhaps both Kishi and Yagi avoided publicizing it in Japan. Hirofumi Ito as the first prime minister of Japan and the first governor general of Korea was a great figure who was not merely the hero of Choshu (Yamaguchi Prefecture). Kishi apologized for his great predecessor's "mistakes" through his emissary. This was an important statement that could not conceivably have been made by Yagi's decision alone.

However, in view of Kishi's speech and actions during that period, he apparently did not seriously believe in "Ito's mistakes." Rather, the statement may be seen as a highly strategic statement based on the emphasis placed on the formation of an "anticommunist" alliance between Japan and South Korea. It was probably a political judgment that later led to the Shiina statement also. Together with the aforementioned strategy of the Southeast Asia tours, it recalls Kishi as a complete realist rather than a nationalist.

The Shiina statement subsequently served as a model not only for the government, but also for the emperor as a statement of apology. When President Chun Doo-hwan first paid an official visit to Japan as the South Korean president in 1984, the "remarks" by Emperor Showa (Hirohito) received the greatest attention. Based on Shiina's statement, the emperor used the words "extreme regret concerning the unfortunate past." Also, when President No Tae-u came to Japan in 1990, the present emperor moved a step further and expressed "a feeling of great sorrow," and again indicated a wish to apologize.

A gap in consciousness concerning the past was also brought into sharp relief during the Japan-China normalization talks. Prime Minister Zhou Enlai welcomed Prime Minister Kakuei Tanaka on his visit to China, and clearly stated: "The Chinese people endured insufferable tragedy because of aggression against China by Japan's militarism during a half-century." In reply, Prime Minister Tanaka said: "We have inflicted enormous troubles [*meiwaku*] on the Chinese people." However, the Chinese translation for *meiwaku* turned out to be extremely light and later became a point of issue.

As a result, the Japan-China joint communique contained the following insertion. "The Japanese side deeply realizes its responsibility concerning the heavy damages inflicted on the Chinese people through the war in the past, and pledges deep self-reflection." Also, when the present emperor visited China in 1992, he stated: "I feel 'deep sorrow' concerning the unfortunate period when my country caused great suffering to the people of China, and I deeply reflect that we should never again resort to war."

Thus, such "apologies" have a significant meaning in Japan's Asia diplomacy. This is because, regarding Asia—particularly regarding the nations that experienced colonial rule and aggression by Japan—apologies

for the past were an inomissible process in order to maintain normal diplomatic relations.

In 1989, a joint LDP-SDPJ delegation led by Shin Kanemaru and Makoto Tanabe visited North Korea and agreed to begin talks on normalization of relations. At this time also, an apology from the Japanese side was taken up, and was clearly mentioned in a joint triparty statement with the North Korean Workers Party as follows. "The three parties recognize that Japan should make an official apology in addition to reparations to the Democratic People's Republic of North Korea concerning the misfortunes and suffering caused by Japan during 36 years in the past, and the damages incurred during the 45 postwar years."

Albeit the release of the No. 18 Fujisan Maru's crew was involved, the statement evoked a storm of criticism in Japan saying that the inclusion of the "45 postwar years" was excessive. However, from North Korea's standpoint, it will probably loom as a major card in future Japan-North Korea talks.

This and other apologies regarding the past have been denounced as "demeaning" by the right-wing forces in Japan, and pose a delicate problem. Another incident that aggravated the right-wing faction is the issue of praying for the war dead at Yasukuni Shrine. On 15 August 1985, Prime Minister Yasuhiro Nakasone, who sought to improve relations in Asia from a strategic viewpoint, "prayed officially" at the shrine and invited strong criticism from China.

China emphasized that Yasukuni Shrine was not only once a shrine of state Shintoism used to inculcate the war spirit, but also was a shrine for those sentenced as class-A war criminals. The ironic result was that ultimately not only "official praying", but also all visits by prime ministers, which was a custom since the Miki cabinet, were subsequently postponed indefinitely.

Emperor's Trips Abroad and a Gap Between Asia

Visits abroad by the emperor are linked to "apologies" in their political significance. In fact, the results and tasks constitute criteria to gauge the sense of distance between Japan and the other Asian nations.

Emperor Showa made his first postwar trip abroad when he visited seven European nations in 1971. He next visited the United States in 1975. Both trips were intended to heal the wounds of the last war, but the emperor passed away without fulfilling his hope of visiting Asia. He personally wished to visit China in particular, but his age and the nebulous question of his war responsibility were clearly factors that caused postponement of his visit.

The pending Asian visit was realized by the present emperor. It began with a trip to Thailand and other Southeast Asian nations, and there was no particular opposition domestically. In 1992, a visit to China became a major political issue. It was played up as a visit

to commemorate the 20th anniversary of the normalization of Japan-China relations, and the Miyazawa cabinet had accepted the strong request of the Chinese Government.

An opposition movement arose in Japan. Although they were a minority, Dietmen of the right-wing organizations and factions joined a group of journalists in vehemently opposing it. The reasons were, in effect, that China was a communist state, that anti-Japanese sentiment was deep-rooted there, and that a visit by the emperor would mean paying tribute according to Chinese tradition. The issue of praying at Yasukuni Shrine was also linked emotionally, as well as a reaction against nationalism and the debate concerning systems.

Now that the emperor's China visit has materialized, his visit to South Korea has been put on the agenda. From the standpoint of systems, a visit to South Korea should have come first, and the Japanese Government has been sensitive about it. However, the time does not appear to be ripe for a South Korea visit. Despite the fact that left-wing opposition at home has died down due to the promotion of democratization and the SDPJ's policy change vis-a-vis South Korea, the following reasons are given.

1. Strong anti-Japanese sentiment in public opinion continues in South Korea, and unexpected incidents could be expected (it is ironic that, in China's case, powerful state control contributed to safety vigilance and protection).

2. South Korea is part of a divided nation, and a visit by the emperor would raise the question of a visit to North Korea.

Also, inside the true feelings among Japan's right-wing forces and nationalists seems to be a stronger sense of resistance to the emperor's visit to South and North Korea compared to his visit to China.

Beginning with the United States and continuing on to Southeast Asia and China, but still leaving the Korean Peninsula unvisited, the order of the emperor's itinerary is in reverse order to the depth of Japan's "debts" for its prewar aggressions and war involvements (it also coincides with the degrees of anti-Japanese sentiments). This is probably no coincidence.

New Asian Doctrine

It is believed that the Asia consciousness in Japan's politics today is relatively healthier than in any period in the modern era. Providing the backdrop are probably the following circumstances.

1. The generational change in Japan's political circles has moved forward, and politicians who received postwar education in history are in the principal roles.

2. Japan's economic progress has given it leeway to observe the world objectively.

3. Confrontations between ideologies at home and abroad are becoming stronger.
4. Democratization has replaced dictatorial systems in South Korea and the Philippines.
5. Reforms and open policies have made progress in China also.
6. The Cambodian dispute has ended, and Vietnam has also joined international society.
7. The economy of the Asian region represented by the "four little dragons" has shown overall advancement.
8. The rise of the information era, including the development of satellite TV, has progressed, and the information gap has been filled.
9. Exchanges at the citizen's level have expanded through self-governing community exchanges and private forums.
10. The anti-Japanese mood in the Asian nations has become less severe than before.

(The international factors from 3 to 10 do not apply to North Korea.)

Although "emphasis on Asia" has been regarded as a pillar together with "emphasis on Japan-U.S. relations" and "UN-orientation," Japan-U.S. relations have been the main substance, and Asia was viewed as a pillar only in a complementary and strategic sense. However, now that the overwhelming U.S. presence is weakening and, with the Cold War structure dismantled, Japan is adding weight in Asia. The distorted Asia consciousness since the Meiji era should be viewed as being at a turning point of changing to its inherent form.

As far as economic growth is concerned, interdependent relations are being built through huge investments in the Asian nations with the movement of the high yen as the backdrop, and a new "communal" awareness is being nurtured. In Southeast Asia, in order to compete against the EU (European Union) and NAFTA (North American Free Trade Agreement), the EAEC (East Asian Economic Conference) concept has surfaced to draw a demarcation line with the United States. Thus a trend toward regionalism with a rising Asian economy has arisen, and Japan is caught between it and the United States. The postwar stereotype approach of shoring up the Asian economy under close cooperation with the United States no longer applies.

In Japan, the subject of becoming a "political power in Asia" has come up. After Japan played a role in peace in Cambodia, SDF troops were sent to Cambodia on a PKO [UN peacekeeping operations] mission. There is also a growing desire for Japan to serve as "Asia's representative," including active support by the Southeast Asian nations toward Japan's permanent membership in the UN Security Council. Such activities tickle

Japan's fancy and support debate for an expansion of political as well as military contributions.

However, whether Japan can become a political power in Asia is not a simple matter. Assuming that North Korea is a separate issue, an indelible mistrust toward Japan's past persists in China and South Korea. That is why, whenever problematical statements are made by cabinet members, both nations react with extreme sensitivity. The Southeast Asian nations also do not at all want Japan to serve as "Asia's policeman."

What political role should Japan play under these circumstances? Japan has no convictions of its own. Confusion exists not only concerning its views on its direction of international contributions under its peace constitutions, but also in its Asian consciousness regarding politics per se, as we have thus far discussed.

While there is a rising awareness in Asia that "the era of Asia has arrived for the first time in 500 years," there is yet to be a major change in Japan's spiritual climate which tends to position Asia low in comparison to the West. Amid the Westernization of many of its values, Japan has not necessarily found its identity as a member of Asia. Its acquisition of economic strength equalling that of the United States and the fact that it is the only non-European nation to become a G-7 summit member are factors that weaken its Asia consciousness.

It surfaces in the less-than-friendly sentiments and discrimination in Japanese society toward other Asians living in Japan. How the Asia consciousness changes in the future with the rising unemployment rate from the hollowing-out of industries and the massive influx of Asian workers does not permit optimism. Japan's politics still has not adequately faced this problem.

Prime Minister Murayama, who stresses "apologies" toward Asia, has yet to indicate any new vision or philosophy regarding Japan's new role, and he lacks any signs of evolving any Asian theory on a par with Malaysian Prime Minister Mahathir. This is a common trend in Japan's political circles. In 1992, the Miyazawa administration formed the prime minister's private discussion group, and took up the Asia problem. The need to deliberate head-on about Asia will undoubtedly increase in the future.

In such times as the present, the Murayama coalition administration comprised of the LDP, SDPJ, and Sakigake [Harbinger] should lay out a basic concept which could be called the "New Asian Doctrine." Because the LDP and the SDPJ have historically followed disparate foreign policy lines, the coalition especially requires explanations to Asian neighbors.

The "end of the Cold War," which is explained as the backdrop for the LDP-SDPJ coalition, is not comprehensible per se to China and North Korea. If so, what values does the LDP-SDPJ alliance with Sakigake in the middle aim for? Perhaps the explanation would serve as a new message to Asia.

In addition to Prime Minister Murayama, Deputy Prime Minister and Foreign Minister Yohei Kono as the LDP president, Sakigake representative Masayoshi Takemura, and LDP Policy Research Chairman Koichi Kato—who fills the position of policy coordinator for the coalition parties—proclaim themselves as the “dovish faction” among the conservatives, and embrace a generally common Asian outlook. If this combination is characteristic of the Murayama administration, this year as the 50th anniversary of the war’s end provides an ideal opportunity for a “new Asian doctrine” that which is not limited to a mere “no-war Diet resolution.”

Governor's Poll May Affect Murayama Government

*OW2903004495 Tokyo KYODO in English 0014 GMT
29 Mar 95*

[“First of two articles” by Takehiko Kajita]

[FBIS Transcribed Text] Tokyo, March 29 KYODO—the gubernatorial election in Tokyo on April 9 is not just a contest for the top post of Japan’s biggest and most powerful local government.

The outcome of the poll could determine the fate of Prime Minister Tomiichi Murayama’s 9-month-old coalition government because of the magnitude of its impact on national politics.

Japan’s capital of about 12 million people, Tokyo, is also the nation’s center of economic, social and cultural activities with its annual budget surpassing 10 trillion yen, roughly the same size as the state budget of China or India.

For political parties, the Tokyo governor post is equal to a Diet seat or more. Small wonder that a race for the powerful governorship tends to be like a battle among parties, rather than among candidates eager to represent Tokyoites.

This year, however, the election is characterized as a fight between a candidate supported by a wide range of political parties and ones seen as being on the side of unaffiliated voters disgusted with existing political parties.

Backed by Murayama’s tripartite coalition, former Deputy Chief Cabinet Secretary Nobuo Ishihara is most likely to take the helm of the Tokyo Metropolitan Government as a successor of departing Gov. Shunichi Suzuki, 84.

While Ishihara seeks to secure the governor’s post by touting his long administrative experience as an elite bureaucrat, his seven rivals say an Ishihara government following Suzuki’s 16 years in office would not meet the real needs of Tokyoites.

Ishihara’s opponents are no seven dwarfs. They include distinguished figures perhaps more familiar to the public than the former bureaucrat.

Tetsundo Iwakuni, a former businessman and mayor of the city of Izumo in western Japan, is widely regarded as the top contender among the seven due to his reputation and unique policy proposals.

With the blessing of part of the opposition Shinshinto (New Frontier Party), Iwakuni has vowed to streamline the metropolitan government but offer higher quality services to residents in Tokyo.

“I will leave the rest up to each and every voter’s sensible judgment,” he says.

A wild card is Kenichi Ohmae, an author and international management guru, who portrays the Tokyo poll as a battle between those trying to cling to their vested interests and the silent majority who have not been listened to for a long time.

“The metropolitan government is not being run by citizens in Tokyo,” Ohmae says, seeking understanding for his own program to steer Tokyo into prosperity in the 21st century.

Both Iwakuni and Ohmae are hoping to bring those supporting no particular political parties to their own sides and beat Ishihara, who is guaranteed block votes.

A KYODO NEWS SERVICE nationwide survey released in early March shows those who say they are backers of no specific parties made up a record 33.2 percent of respondents, breaking the previous high of 31.3 percent registered in 1973.

Of some 9.4 million eligible voters in Tokyo, those apathetic to politics hover around an estimated 50 to 60 percent, the united strength of which would certainly form an overwhelmingly big block.

But an Ishihara triumph appears to be a strong possibility, because his many rival candidates could wind up splitting a chunk of the electorate, thereby sweeping Ishihara into the governor’s seat.

If Ishihara wins, it will come as consolation to Murayama whose Social Democratic Party (SDP) [of Japan] is predicted to suffer a setback in the unified local elections in April.

If Ishihara loses, however, it could reignite secessionist movements within the SDP and threaten the premier’s grip on power, raising the curtain for a new round of political reconfiguration.

Poll Examines People's Expectations for NFP

*OW3003033895 Tokyo MAINICHI SHIMBUN in
Japanese 18 Mar 95 Morning Edition p 2*

[FBIS Translated Text] MAINICHI SHIMBUN conducted a nationwide public opinion poll 10-13 March to ask voters what they hoped the opposition New Frontier Party [NFP] would accomplish. In the poll, 31 percent of the respondents said: “We hope the NFP, as the main opposition party, will take the position of what is right

and wrong," and 28 percent of them said: "We have no hopes for what the NFP will accomplish." In this way, the results of the poll shed light on the clear trend of liking or disliking the NFP. Of those polled, 15 percent said: "We hope the NFP will work to revitalize tomorrow's cabinet," whereas 9 percent of them said: "We hope the NFP will put forth alternatives to the government's proposals," and 8 percent of them said: "We hope the NFP will confront the ruling parties."

The poll was conducted three months after the NFP was inaugurated last December. The results of the poll showed that the NFP's voter support rate was 9 percent, almost the same percentage that the opposition party held in a poll conducted shortly after it was inaugurated.

Expectations for the NFP among party supporters were found to be very different. Of the voters surveyed who supported the NFP, 41 percent said: "We hope the NFP, as a main opposition party, will take the position of what is right and wrong," whereas 27 percent said: "We hope the NFP will work to reactivate Tomorrow's Cabinet," 17 percent said: "We hope the NFP will put forth alternatives to the government's proposals," and 17 percent said: "We hope the NFP will confront the ruling parties." Only 4 percent said: "We have no hopes for what the NFP will accomplish." In this way, voter expectations for the NFP were found to be high.

Of the voters surveyed who supported the ruling Liberal Democratic Party [LDP], 33 percent said: "We hope the NFP, as a main opposition party, will take the position of what is right and wrong," whereas 25 percent said: "We have no hopes for what the NFP will accomplish." Of the voters surveyed who supported the ruling Social Democratic Party of Japan [SDPJ], 33 percent said: "We hope the NFP, as a main opposition party, will take the position of what is right and wrong," whereas 35 percent said: "We have no hopes for what the NFP will accomplish." Of the voters surveyed who supported Sakigake [Harbinger], 48 percent said: "We hope the NFP, as a main opposition party, will take the position of what is right and wrong," whereas 13 percent said: "We have no hopes for what the NFP will accomplish." In this way, the Sakigake supporters were found to have pinned high hopes on the NFP rather than on the LDP and the SDPJ. Of the voters surveyed who supported no party, 30 percent said: "We hope the NFP, as a main opposition party, will take the position of what is right and wrong," whereas 35 percent said: "We have no hopes for what the NFP will accomplish." This percentage is close to that of SDPJ supporters.

MAINICHI SHIMBUN pollsters randomly surveyed 3,000 voters through interviews across the nation with the exception of Kobe City and Nishinomia City in the Hyogo Prefecture, which were hit by the great Hanshin earthquake; 72 percent of those surveyed answered questions posed by the pollsters.

Police Agency Chief Shot on Tokyo Street

OW3003023095 Tokyo KYODO in English 0223 GMT
30 Mar 95

[FBIS Transcribed Excerpt] Tokyo, March 30 KYODO—Japan's top police official was shot by an unidentified man wielding a handgun Thursday [30 March] morning, and was taken to a hospital, police said.

A masked man shot Takaji Kunimatsu, 57, chief of the National Police Agency (NPA), in front of a condominium where he resides in Minamisenju, Arakawa Ward at 8:25 A.M.

The man apparently waited for Kunimatsu near the entrance of the condominium and fired four shots at him from behind an electric utility pole as Kunimatsu was getting into an official car. Two of the bullets hit Kunimatsu in the abdomen.

One bullet entered through his back and pierced his stomach while a second bullet apparently hit his right leg and right breast, police said.

One of the bullets was found and identified as having been fired from a 38-caliber handgun, they said.

The man, thought to be about 40 years of age, fled by bicycle.

Kunimatsu was taken to a hospital by ambulance. He was seriously injured but his life is not considered to be in danger, police said.

Kunimatsu, a graduate of Tokyo University, entered the NPA in 1961 and assumed his current post last July.

Prime Minister Tomiichi Murayama instructed Hiromu Nonaka, chairman of the National Public Safety Commission and home affairs minister, and Chief Cabinet Secretary Kozo Igarashi to investigate the case thoroughly and arrest the criminal.

"It's a challenge to authorities, we'll investigate it thoroughly," Nonaka told reporters.

Nonaka cited last week's nerve gas attack on the Tokyo subway system and subsequent discovery of the chemicals and equipment that can be used to produce sarin, the highly toxic gas used in the subway attack, as possibly linked to the shooting.

Igarashi said he does not know of any links with other incidents. He said it is extremely regrettable because Japan has been praised as a nation where terrorist attacks on VIPs are extremely rare.

At a news conference later, Igarashi portrayed the attack as a cruel act and said, "We take this extremely seriously."

He also said it is "very regrettable" that the social situation in Japan has been apparently worsening due to a series of shooting incidents, noting the government will do its utmost to stabilize public order.

The shooting came amid a large-scale police investigations into last week's poison gas attack on Tokyo's subway system and the activities of the religious cult Aum Shinrikyo for its alleged involvement in the kidnapping of the brother of a sect follower and a murder plot.

Massive police raids on a complex of the religious sect in Kamikuishiki, Yamanashi Prefecture, and other sect facilities nationwide have so far found the chemicals and equipment enabling to produce sarin, a highly toxic nerve gas used in the subway attack.

Kunimatsu is a top police officer supervising a series of serious incidents, including the subway attack and mysterious sarin poisoning case in Matsumoto, Nagano Prefecture, last June, which killed seven people.

In 1992, Kunimatsu played a key role in drafting legislation to tighten regulations on underground crime syndicates better known as "yakuza."

The legislation makes it difficult for yakuza members to make money by threatening to disrupt corporate shareholders' meetings as many of them had done in the past as racketeers.

There is speculation that Kunimatsu might have been targeted by yakuza members for his role in mapping out the antigangster law as some 170 companies are holding shareholders' meetings Thursday.

Justice Minister Isao Maeda said in a statement that the act, targeted at the top police official in charge of security, is cruel and mean.

Maeda said prosecutors will do their best along with police to solve the shooting by an unidentified person.

An anonymous caller telephoned Tokyo-based newspapers and TV stations saying the chief of the metropolitan police department will be the next target unless police stop their raids on the Aum Shinrikyo, officials said. [passage omitted]

The sect, however, denied any involvement in the incident, saying in a statement that "some TV news reports are using expressions which can give the impression that Aum Shinrikyo committed the shooting."

The statement criticised such news reports as unfair and "dangerous."

U.S. Experts To Help Treat Sarin Victims

OW2903044295 Tokyo KYODO in English 0359 GMT 29 Mar 95

[FBIS Transcribed Text] Tokyo, March 29 KYODO—A group of U.S. medical experts will arrive in Japan on Wednesday [29 March] evening to assist in the treatment of victims of the March 20 sarin gas attack on Tokyo subways, foreign ministry officials said.

The five-member group, to be headed by Scott Lillibridge of the Center for Disease Control of the U.S. Department of Health and Human Services, will comprise experts from the center, and from the U.S. Army Medical Research Institute of Chemical Defense, the officials said.

The group will visit Japan to offer advice and expertise in treating patients still in serious condition with sarin poisoning.

The members of the team are likely to meet Japanese medical authorities, including doctors in Tokyo hospitals who are treating the victims, but their detailed itinerary has not yet been fixed, the officials said.

The team's visit follows Japan's acceptance of a U.S. offer of specialized medical assistance in the subway poisoning case, which left 10 people dead and some 5,000 injured.

Police Find Clues Linking Sarin, Aum Sect

OW2803130695 Tokyo KYODO in English 1238 GMT 28 Mar 95

[FBIS Transcribed Text] Tokyo, March 28 KYODO—Investigators have found more clues suggesting that the religious sect Aum Shinrikyo might have been making the nerve gas sarin, a highly toxic poison used in last week's gas attack in Tokyo's subway system, police sources said Tuesday [28 March].

Police sources said the finding of what appears to be a powerful ventilation system is a factor suggesting that sarin might have been made in a three-story concrete building believed to be used as a chemical plant.

The finding came on the seventh day of raids on a complex in the village of Kamikuishiki, Yamanashi Prefecture, west of Tokyo.

The investigators have already seized chemical equipment and large amounts of chemicals needed to produce sarin as well as a byproduct of sarin in the soil near the building.

The ventilation system, known as a draft chamber, is normally used to expel toxic gases generated in the process of production of chemical compounds.

Police sources quoted chemical experts as saying such a ventilation system is necessary for the production of toxic gases in order to protect people at work.

The system in question was detected in a room on the first floor of the building together with compact gas-cleaning equipment which seemed to be connected with the system, police sources said.

Police wearing gas masks entered the room and collected residue to determine whether a sarin byproduct was there, they said.

There are large pipes attached to the western side of the outside wall of the room which the religious sect claims to be an air-cleaning system.

Police said the pipes are alleged to have been used to expel toxic gases through the ventilation system.

Part of the building, called Satian No. 7, which the sect describes as a place of prayer, was found to contain a large set of machinery and a maze of dark corridors, complicating investigation into the structure's layout, police sources said.

They said some of the building's contents were being taken out after removing a large relief of the sect's main object of worship, Siva, the Hindu god of destruction and renewal.

Residents in the village of Kamikuishiki at the foot of Mt. Fuji said they saw white smoke coming from the building from time to time last July when a foul odor took them by surprise.

On Tuesday, police also found a large quantity of peptone, a substance used in bacteria cultivation, in a building called Satian No. 6, another part of the sect's Kamikuishiki complex.

Police sources said the finding of some 160 metal drums of peptone raises the possibility the cult was conducting bacteriological research. The drums each have a capacity of 18 liters.

Police began massive raids last Wednesday on the sect's facilities nationwide, including the Kamikuishiki complex, in connection with the alleged abduction of the brother of a sect member.

The police raids have been carried out since Sunday on suspicion of preparing to murder, a crime applicable to anyone preparing weapons or toxic materials with intent to murder, following the finding of chemicals needed to produce sarin.

Sarin was used in the March 20 attacks on five Tokyo subway trains, which claimed 10 lives and made more than 5,000 people ill.

The nerve gas developed by Nazi Germany was also involved in a mysterious gas poisoning case in Matsumoto, Nagano Prefecture, last July, which killed seven people.

The sect has denied any links to both cases.

Sarin Byproducts Found

OW2903150495 Tokyo NIHON KEIZAI SHIMBUN in Japanese 28 Mar 95 Evening Edition p 1

[FBIS Translated Text] Three byproducts of the highly toxic nerve gas "sarin," which were detected at facilities of Aum Shinrikyo (representative: Shoko Asahara) in Kamikuishiki during recent raids, matched residue found at the site of the gas poisoning which took place

last June in Matsumoto, Nagano Prefecture. This is a result of investigations police conducted on 28 March. Determining that there is a strong possibility that sarin, reportedly produced by the same religious cult, was used in the Nagano case, authorities will carry out thorough investigations to find residue of the same byproducts at the subway stations.

Three types of residue were detected during the investigation. The first residue is an intermediate product that can be produced before the formation of sarin, the second is a byproduct produced during the formation of sarin, and the third is a residue produced as a result of sarin reacting to water after it is released into the atmosphere.

Since these three residues have been detected, police authorities concluded that they have a perfect foundation to conclude that sarin was produced at the cult facilities in Kamikuishiki Village. Materials detected at the facilities and the site of the Matsumoto gas poisoning are identical. Therefore, police authorities think there is a strong possibility that the sarin used in the Matsumoto case was produced at the cult's facilities.

Moreover, a special investigation department at the Chikuchi Station of the [Tokyo] metropolitan police office is hurriedly analyzing materials, including byproducts which are believed to be adhering to sarin containers found in the subway stations.

North Korea

Further on Visit by Japanese Party Delegation

Holds Talks With Kang Song-san

SK2903234495 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 29 Mar 95

[FBIS Translated Text] Comrade Kang Song-san, member of the Political Bureau of the Central Committee of the Workers Party of Korea [WPK] and premier of the Administration Council, met and held talks with the delegation of the three ruling coalition parties of Japan, which paid a courtesy call at the Mansudae Assembly Hall on 29 March.

Present at the talks were a delegation of the Liberal Democratic Party of Japan headed by Michio Watanabe, former deputy premier and foreign minister, and member of the House of Representatives; a delegation of the Social Democratic Party of Japan headed by Secretary General Wataru Kubo, member of the House of Councillors; and a delegation of the New Party Sakigake headed by Secretary General Yukio Hatoyama, member of the House of Representatives.

Also present were Won Tong-ku, director of a department of the WPK Central Committee and deputy to the Supreme People's Assembly [SPA]; Yi Chong-hyok, vice director of a department of the WPK Central Committee, senior councillor of the SPA Reunification Policy

Committee, and vice chairman of the Korean Asia-Pacific Peace Committee; and other functionaries concerned.

At the talks, Premier Kang Song-san said that developing friendly relations with the various countries of the world is a consistent stance of our party and the government of the Republic. He wished that the delegation's visit, which aims at resuming intergovernmental talks for the normalization of DPRK-Japan diplomatic relations, and is being pursued by the joint declaration of the three parties, is an expression of the common aspirations of the two peoples of the DPRK and Japan.

Watanabe Michio, head of the delegation of the Liberal Democratic Party, pointed out it is extremely unnatural that inter-governmental talks for normalization of DPRK-Japan diplomatic relations are in the state of suspension, and the DPRK and Japan get along without any diplomatic ties. He further stressed that his party will do its best to normalize the diplomatic relations between the DPRK and Japan.

Saying that he was received by the great leader Comrade Kim Il-song several times during his visit to the Republic, Wataru Kubo, head of the delegation of the Social Democratic Party, said that the great leader Comrade Kim Il-song did many things for the reunification of Korea and the normalization of Japan-DPRK diplomatic ties. He said he hopes that a bright prospect will open to resume intergovernmental talks for the normalization of Japan-DPRK diplomatic ties.

Yukio Hatoyama, head of the delegation of the New Sakigake Party, said he will positively work to resume intergovernmental talks for the normalization of Japan-DPRK relations.

Deadlock Over 1990 Communiqué

OW3003114295 Tokyo NIHON KEIZAI SHIMBUN in Japanese 30 Mar 95 Morning Edition p 2

[By Kimihiko Yoshida]

[FBIS Translated Text] Pyongyang, 29 Mar—Behind the deadlock at the working level meeting on 29 March to draw up a "four-party agreement" between the ruling coalition parties and the Korean Workers Party [KWP] is the difference in their interpretation of "reopening negotiations on the normalization of relations without preconditions" agreed upon on the previous day.

The North Koreans launched an offensive on future government-level negotiations by pressuring the Japanese to clarify their position on "compensation for the past and for postwar issues" included in the 1990 three-party joint communiqué, and by asking that the issue of the DPRK's development of nuclear arms be virtually shelved.

In response, the coalition mission insisted "we cannot promise anything that may restrain the government."

(according to former Deputy Prime Minister Michio Watanabe) A heated tug-of-war continues.

Regarding reopening the normalization talks, the ruling parties would like to shelve the three-party communiqué by regarding it as a "historical fact," and resume negotiations without being bound by the communiqué. Before the delegation's departure, it presented to the DPRK a draft for a four-party agreement incorporating the following points: 1) Settlement of past issues between Japan and the DPRK; 2) Reopening normalization talks without preconditions; 3) Ensuring "self-reliance and independence" in the normalization talks; and 4) A clear indication of resumption of government-level negotiations. It was widely believed that "discussions in Pyongyang would only concern a minor revision of some expressions," and that "the DPRK would not bring out the three-party communiqué." (according to a source accompanying the coalition delegation)

However, in reality, DPRK Premier Kang Song-san and KWP Secretary Kim Yong-sun both mentioned the three-party communiqué. Kim termed this "a historical communiqué which clearly stated the fundamental issues in DPRK-Japanese relations." He indicated that the three-party communiqué was epochmaking, thus demonstrating the gap with Japan with regard to "historical" interpretation.

Furthermore, the DPRK has demanded that the new agreement should contain the expression "negotiations toward the establishment of diplomatic relations." This is meant to inhibit Japan from taking up the issues of nuclear arms development and "Yi Un-hye"—allegedly the Japanese tutor to the Korean Air bombing convict—at the resumed government-level talks. This also demonstrated the shrewdness of North Korean diplomacy in its attempt to impose prior restraints on government-level negotiations to guide the talks in a direction favorable to the DPRK while drawing economic cooperation from Japan.

As for Japan, according to a Foreign Ministry source it is "absolutely impossible to make a commitment" not to take up the nuclear arms and Yi Un-hye issues in order to resume intergovernment talks.

Maneuverings between Japan and the DPRK on their diametrically different interpretation of "reopening negotiations without preconditions" are expected to continue up to the last minute on 30 March, when the coalition mission is scheduled to return to Japan.

Delegation Hosts Reception

SK2903152695 Pyongyang KCNA in English 1520 GMT 29 Mar 95

[FBIS Transcribed Text] Pyongyang, March 29 (KCNA)—The delegation of the three ruling coalition parties of Japan hosted a reception here this evening on its Korea visit.

Invited to the reception were Kim Yong-sun, secretary of the Central Committee [C.C.] of the Workers' Party of Korea [WPK], chairman of the Reunification Policy Committee of the Supreme People's Assembly [SPA] and chairman of the Korean Asia-Pacific Peace Committee; Won Tong-ku, department director of the WPK Central Committee and deputy to the SPA; Kim Yang-kon, vice-director of a department of the WPK Central Committee and chairman of the Society for Korea-Japan Friendship; Yi Chong-hyok vice-director of a department of the C.C., the WPK, senior councillor of the Reunification Policy Committee of the SPA and vice-chairman of the Korean Asia-Pacific Peace Committee; Yi Song-ho, vice-chairman of the Korean Society for Cultural Relations With Foreign Countries and deputy to the SPA; and other officials concerned.

The members of the delegation of the Liberal Democratic Party led by member of the House of Representatives Michio Watanabe, who was once deputy prime minister and foreign minister, the delegation of the Social-Democratic Party led by Secretary General Wataru Kubo, member of the House of Councillors, and the delegation of the New Party Sakigake led by Secretary General Yukio Hatoyama, member of the House of Representatives, were present there.

Speeches were made at the reception.

Meets Secretary Hwang Chang-yop

SK3003112195 Pyongyang KCNA in English 1046 GMT 30 Mar 95

[FBIS Transcribed Text] Pyongyang, March 30 (KCNA)—Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea, today met and had a talk with the visiting delegation of the Social-Democratic Party of Japan led by Secretary General Wataru Kubo, member of the House of Councillors.

On hand were officials concerned.

Agreement Signed, Published 30 Mar

SK3003105995 Pyongyang KCNA in English 1045 GMT 30 Mar 95

[FBIS Transcribed Text] Pyongyang, March 30 (KCNA)—An agreement for resumption of DPRK-Japan talks was published here today.

The agreement was signed by Kim Yong-sun, head of the delegation of the Workers' Party of Korea; Michio Watanabe, head of the delegation of the Liberal-Democratic Party of Japan; Wataru Kubo, head of the delegation of the Social-Democratic Party of Japan; and Yukio Hatoyama, head of the delegation of the Japan New Party Sakigake.

The agreement says:

A delegation of the three ruling coalition parties of Japan, consisting of a delegation of the Liberal-Democratic Party (LDP), a delegation of the Social-Democratic Party (SDP) and a delegation of the New

Party Sakigake (Sakigake), visited Pyongyang, the capital of the Democratic People's Republic of Korea (DPRK) from March 28 to 30, 1995.

During its visit, Kang Song-san, premier of the Administration Council of the DPRK, met with the delegation.

In this period, talks were held between the delegation of the Workers' Party of Korea (WPK) led by Kim Yong-sun, secretary of the Central Committee of the WPK and deputy to the Supreme People's Assembly, and the delegation of the three ruling coalition parties of Japan, consisting of the delegation of the LDP led by Michio Watanabe, member of the House of Representatives; the delegation of the SDP led by Wataru Kubo, member of the House of Councillors; and the delegation of the Sakigake led by Yukio Hatoyama, member of the House of Representatives.

In September 1990, a delegation of the LDP and a delegation of the SDP visited Pyongyang and adopted a historic three-party joint declaration with the Workers' Party of Korea.

Accordingly, intergovernmental talks between the DPRK and Japan began in January 1991 to establish diplomatic relations and proceeded till the eighth round.

Considering that to normalise and develop the relations between the two countries conforms with the interests of the two peoples and contributes to building a new Asia, independent and prosperous, the delegation of the WPK and the delegation of the three ruling coalition parties of Japan agree as follows for the resumption of the suspended talks for diplomatic relations between the two countries:

1. The delegation of the WPK, the delegation of the LDP, the delegation of the SDP and the delegation of Sakigake (hereinafter the four parties) shall make positive efforts to liquidate the unhappy past between the two countries and establish diplomatic relations at an early date.
2. The four parties consider that there is no precondition for the resumption of dialogue between the two countries and for the talks for diplomatic relations and that they should be for the purpose of the improvement of relations in any case.
3. The four parties confirm that the talks between the two countries should be held strictly from an independent, self-determined position.
4. The four parties, motivated by their responsibility as the ruling parties, shall make such efforts that their respective governments can actively promote the talks for establishing diplomatic relations between the two countries at an early date.

Under this agreement, the four parties have decided to recommend the governments of the DPRK and Japan to hold the ninth round of talks for diplomatic relations as soon as possible.

Radio on Publication of Agreement

SK3003125295 *Pyongyang Korean Central
Broadcasting Network in Korean 1212 GMT 30 Mar 95*

[FBIS Transcribed Text] An agreement between the delegations of the Workers Party of Korea [WPK] and the three ruling coalition parties of Japan for the resumption of DPRK-Japan talks was adopted in Pyongyang today.

The agreement says:

A delegation of the three ruling coalition parties of Japan, consisting of a delegation of the Liberal-Democratic Party [LDP], a delegation of the Social-Democratic Party [SDP], and a delegation of the New Party Sakigake [Sakigake], visited Pyongyang, the capital of the DPRK from 28 to 30 March 1995.

During its visit, Kang Song-san, premier of the DPRK Administration Council, met with the delegation.

In this period, talks were held between the delegation of the WPK led by Kim Yong-sun, secretary of the WPK Central Committee and deputy to the Supreme People's Assembly, and the delegation of the three ruling coalition parties of Japan, consisting of the LDP delegation led by Michio Watanabe, member of the House of Representatives; the SDP delegation led by Wataru Kubo, member of the House of Councillors; and the delegation of the Sakigake led by Yukio Hatoyama, member of the House of Representatives.

In September 1990, a delegation of the LDP and a delegation of the SDP visited Pyongyang and adopted an historic tripartite joint declaration with the Workers' Party of Korea.

Accordingly, intergovernmental talks between the DPRK and Japan began in January 1991 to establish diplomatic relations and proceeded till the eighth round.

Considering that to normalize and develop the relations between the two countries conforms with the interests of the two peoples and contributes to building a new Asia, independent and prosperous, the delegation of the WPK and the delegation of the three ruling coalition parties of Japan agree as follows for the resumption of the suspended talks for diplomatic relations between the two countries:

1. The delegation of the WPK, the delegation of the LDP, the delegation of the SDP, and the delegation of Sakigake (hereinafter the four parties) shall make positive efforts to liquidate the unhappy past between the two countries and establish diplomatic relations at an early date.

2. The four parties consider that there is no precondition for the resumption of dialogue between the two countries and for the talks for diplomatic relations and that they should be for the purpose of the improvement of relations in any case.

3. The four parties confirm that the talks between the two countries should be held strictly from an independent, self-determined position.

4. The four parties, motivated by their responsibility as the ruling parties, shall make such efforts that their respective governments can actively promote the talks for establishing diplomatic relations between the two countries at an early date.

Under this agreement, the four parties have decided to recommend that the governments of the DPRK and Japan hold the ninth round of talks for diplomatic relations as soon as possible.

KYODO Describes Agreement

OW3003082395 *Tokyo KYODO in English 0731 GMT
30 Mar 95*

[FBIS Transcribed Excerpt] Pyongyang, March 30 KYODO—The Workers Party of Korea (WPK) and a delegation from Japan's ruling coalition signed a document Thursday that calls for resuming bilateral talks to normalize diplomatic relations.

At the North Korean state guesthouse, representatives from both sides held a ceremony for signing the statement on mutual agreement that will pave the way for resuming normalization talks as early as April.

The signing ceremony, originally scheduled for Thursday morning, was delayed until the afternoon since working-level talks could not easily find a way around several problems that stalled the normalization talks in November 1992.

The problems include how to incorporate a 1990 joint North Korea-Japan declaration into the document as well as Japan's concern over North Korea's nuclear power program.

In the draft document, both sides advocate making efforts to realize normalization at an early date by resolving the "unhappy past" and calling on each government to start negotiations "without preconditions."

The contents of the document remain ambiguous on how to resolve the problems so that intergovernmental talks, if started, are likely to face rough going. [passage omitted]

Considering both sides' circumstances, the document, in the pretext, only said the WPK and the two Japanese parties adopted the 1990 declaration and that the two nations then held normalization talks.

After starting in January 1991, the talks were broken off in November 1992 after eight contentious rounds.

About the next intergovernmental talks, the document reflected the WPK's requests for calling them "the ninth round of talks," turning down the Japanese delegation's insistence on "new negotiations."

The draft document also says the two countries "will negotiate from independent and original standpoints," a phrase North Korea demanded with an aim at preventing Japan from putting on the negotiating table suspicions about Pyongyang's nuclear program.

The LDP, which wants to deal with the nuclear problem in cooperation with South Korea and the United States, is expected to send the party's vice president, Keizo Obuchi, to Pyongyang soon to seek understanding of Japan's stance, LDP sources said.

Japan, South Korea and the U.S. have been working together on resolving the nuclear problem under the accord signed between Pyongyang and Washington in October 1994 in Geneva.

Regarding another problem that collapsed the normalization talks—Japan's request for information on a Japanese woman allegedly abducted to train a self-confessed North Korean female terrorist—the document, with a phrase of "without preconditions," leaves room for Pyongyang to insist the issue should not be brought up in the next talks. The alleged North Korean terrorist, Kim Hyong-hui, was convicted in South Korea of blowing up a Korean Air jet in 1987.

Following the signing ceremony, which took place at 3 p.m., the Japanese delegation will leave Pyongyang to arrive in Tokyo later in the day.

Presents Gift to Kim Chong-il

*SK3003050895 Pyongyang KCNA in English 0430
GMT 30 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 30 (KCNA)—A gift was presented to the great leader Comrade Kim Chong-il by the delegation of three ruling coalition parties of Japan.

The gift was handed to secretary of the C.C. [Central Committee], the Workers' Party of Korea Kim Yong-sun, by Michio Watanabe, member of the House of Representatives of Japan and former deputy prime minister and foreign minister who is heading the delegation of the Liberal Democratic Party on a visit to Korea.

Visits Kim Il-song's Statue

*SK3003112695 Pyongyang KCNA in English 1050
GMT 30 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 30 (KCNA)—The delegation of the three ruling coalition parties of Japan visited the statue of the great leader President Kim Il-song on Mansu Hill today to express their deep reverence before leaving for home.

The visitors included the members of the delegation of the Liberal Democratic Party led by Michio Watanabe, member of the House of Representatives and former deputy prime minister and foreign minister; the delegation of the Social-Democratic Party led by Wataru Kubo,

secretary general of the party and member of the House of Councillors; and the delegation of the New Party Sakigake led by Yukio Hatoyama, secretary general of the party and member of the House of Representatives; and support personnel as well.

They laid a floral basket before the statue and paid homage to President Kim Il-song.

Delegation Departs for Tokyo

*SK3003104195 Pyongyang KCNA in English 1027
GMT 30 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 30 (KCNA)—The delegation of the three ruling coalition parties of Japan left here today, winding up its three-day visit to Korea.

The Japanese delegation consisted of the delegation of the Liberal Democratic Party led by Michio Watanabe, member of the House of Representatives and former deputy prime minister and foreign minister; the delegation of the Social-Democratic Party led by Wataru Kubo, secretary general of the party and member of the House of Councillors; and the delegation of the new party Sakigake led by Yukio Hatoyama, secretary general of the party and member of the House of Representatives.

The delegation was seen off at the airport by Kim Yong-sun, secretary of the Central Committee of the Workers' Party of Korea, chairman of the Reunification Policy Committee of the Supreme People's Assembly and chairman of the Korean Asia-Pacific Peace Committee, and other officials concerned.

Japanese Paper Scolded for Paratyphoid 'Rumour'

*SK2903151995 Pyongyang KCNA in English 1505
GMT 29 Mar 95*

["False Report Invented With Evil Mind"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 29 (KCNA)—The South Korean puppets are now spreading one more preposterous rumour in a bid to slander the Democratic People's Republic of Korea.

They let the Japanese SANKEI SHIMBUN carry a false report that paratyphoid fever broke out in various cities of North Hamgyong Province and several hundred people are isolated. This false report was also broadcast by a South Korean radio.

Contagious diseases had already been exterminated in the DPRK under the most advantageous socialist system that value people most and make everything of society serve them and the most popular health system.

The World Health Organisation once estimated and put up the DPRK as a model country of public health.

Paratyphoid is now prevalent in many cities of South Korea. It seems that the South Korean puppets, however,

invented the false report about the outbreak of paratyphoid in Najin and Hoeryong of North Hamgyong Province, motivated by a sinister intention to find faults with the DPRK to impair its high international prestige.

The South Korean puppets are faking up reports and spreading them in an attempt to lay obstacles to the 13th April Spring Friendship Art Festival and the International Sports and Cultural Festival for Peace which are scheduled to open in Pyongyang in April.

No matter how desperately the South Korean puppets try to obstruct the international festivals in Pyongyang, they will be held with success as scheduled.

It is a big shame of a press organ that the Japanese SANKEI SHIMBUN was bribed by the puppet "Agency for National Security Planning" (ANSP) of South Korea to serve as a medium in spreading the false report.

The editors of SANKEI SHIMBUN would be well advised to bear deep in mind that such an act devoid of any elementary conscience and reason as pressmen will only dampen the confidence of the people in their newspaper and harm the friendship between the peoples of the DPRK and Japan.

The more the South Korean puppets fake up reports to slander the DPRK, the more they will reveal their ugly color as fanatics of confrontation and disturbers of friendship among peoples.

Japanese Paper Denounced for 'Gold Statue' Rumor

SK2903152295 Pyongyang KCNA in English 1514 GMT 29 Mar 95

["Dogs Barking at the Moon"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 29 (KCNA)—The South Korean puppet Agency for National Security Planning (ANSP), whose habit is to spread false rumors in an attempt to slander the North, recently made the Japanese NIHON KEIZAI SHIMBUN carry a false report about "building of a gold statue".

In order to give "credibility" to this false report, the plot-breeders claimed that a senior official of the General Association of Korean Residents in Japan (Chongnyon) said so, but the Chongnyon side laid bare its falsity and the truth was brought into relief.

This cannot be construed otherwise than a symptom of mental disorder of the puppets.

Today the authority of the Workers' Party of Korea [WPK] has been enhanced unprecedentedly and it has a great influence on South Korea and the world. The new ideas and theories, which our party has enriched and comprehensively developed in depth with rare penetration, outstanding creative capability, far-sightedness, on

the highest plane of the era, have become a pabulum giving the world people confidence in the future, courage and vigor.

The Democratic People's Republic of Korea has risen high on the earth as a political power which is full-fledgedly enforcing independent politics, with the leader, the party and the masses forming a harmonious whole, a prospering country where world-startling creations and wealth of civilisation increase steadily and the happiness of the people and the resourcefulness of the nation are in bloom, and an invincible powerful state on which any pressure and blockade do not work and on which no formidable enemy dare pounce. This is the fruition of the wise and tested leadership of the WPK.

There is no doubt that the South Korean puppet ANSP, feeling uneasiness and fear mostly at this absolute authority of our party, fabricated such a preposterous false report as "building of a gold statue" for the base purpose of impairing it at any cost.

Impudently enough, the ANSP is these days resorting to the anti-communist smear campaign. It is because the Kim Yong-sam traitorous clique find themselves in a blind alley.

All the fact eloquently shows that the days of the Kim Yong-sam "regime" are numbered. That is why the puppet ANSP faked up and spread the false rumour to bridge over a crisis by diverting elsewhere the attention of people.

They remind one of dogs barking at the moon.

The puppets must clearly understand that with no false plots can they block the daily mounting influence of the WPK and break the trust of the South Korean people and the world people in the WPK.

No one knows how much money NIHON KEIZAI SHIMBUN received from the puppets, but it has turned into a newspaper speaking for Kim Yong-sam, a human rubbish, and a mouthpiece of the puppet ANSP, without knowing the trend of the times. This is as disgraceful as blurring its own image.

If the editors of the newspaper have reason, they would be well advised to apologize for carrying the false report and publish a correction, though belatedly.

The crime of the Kim Yong-sam group addicted to bad things by the help of such an anti-national, anti-democratic plot-breeding tool as the "ANSP" can never be pardoned.

Japanese Politician Sends Gift to Kim Chong-il

SK3003043795 Pyongyang KCNA in English 0421 GMT 30 Mar 95

[FBIS Transcribed Text] Pyongyang, March 30 (KCNA)—A gift was sent to the great leader Comrade

Kim Chong-il by Koichi Kato, chairman of the political affairs research council of the Liberal Democratic Party of Japan.

The gift was conveyed to an official concerned.

U.S. Move To Include ROK in Accord Denounced

*SK3003044895 Pyongyang KCNA in English 0441
GMT 30 Mar 95*

["It Should Be Implemented by DPRK and U.S."—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 30 (KCNA)—The U.S. Senate intends to adopt a "resolution on North Korea" stressing that "substantial dialogue between the North and the South of Korea is indispensable for implementing the framework agreement between the DPRK and the United States", according to reports.

Such a move in the United States is entirely contrary to the DPRK-U.S. agreed framework and is intended to lead its implementation to breakdown, a news analyst of NODONG SINMUN today says, and continues:

Since the agreed framework is literally a promise between the DPRK and the United States, the both sides should do what they should. It is needless to say that there is neither condition nor justification to involve the South Korean puppets here.

The traitor Kim Yong-sam is still recklessly acting against the fellow countrymen in the North with a dagger in his belt.

The U.S. conservative forces are trying to link inter-Korean relations to the implementation of the DPRK-U.S. agreed framework, siding with the South Korean puppets. This is to create a new obstacle and complexity in the way of its implementation.

The United States should refrain from their sinister act to involve the South Korean puppets in the implementation of the DPRK-U.S. agreed framework, mindful that the implementation is a matter between the DPRK and the United States.

If the United States persists in its unreasonable position, the DPRK-U.S. agreed framework will go busted and the U.S. will bear full responsibility for all the consequences arising therefrom.

U.S. Military Warned To 'Act With Discretion'

*SK3003044395 Pyongyang KCNA in English 0427
GMT 30 Mar 95*

["Anachronistic Act"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 30 (KCNA)—The U.S. Defense Department is reportedly

reexamining the system of transporting strategic materials and weapons to South Korea, "simulating a war in Korea in the 21st century."

The reexamination of the system of combined transport by plane, ship and truck coincides with the reinforcement of the U.S. Forces in South Korea. This clearly shows that the U.S. military is desperately stepping up preparations for another war while leading the situation on the Korean peninsula to the extreme pitch of strain.

The U.S. military must stop its anachronistic act going against the trend of the times and act with discretion.

Radio Accuses U.S. of Preparing for New War

*SK3003151195 Pyongyang Korean Central
Broadcasting Network in Korean 1222 GMT 30 Mar 95*

[Commentary by Kim Ho-sam: "The Real Intention of the United States Is War"]

[FBIS Translated Text] According to a report, it is being said that the U.S. Defense Department has been reexamining recently the transportation system of military supplies to South Korea. According to a report by the U.S. Defense Department's technical journal, "DEFENSE NEWS," on 28 March, the U.S. Defense Department is reexamining the overall diversified transportation system of using airplanes, warships [kunham], and automobiles to transport military supplies to South Korea by using foreign ports and airports.

This clearly proves that it is to make fait accompli the provocation for a new Korean war by the United States and that the United States is hurrying its preparations. This is an act wholly running counter to the DPRK-U.S. agreed framework [kibon habuimun].

As is known, the issue of denuclearization and guaranteeing peace and security on the Korean peninsula are clearly stipulated in the DPRK-U.S. agreed framework. Nevertheless, the United States is acting completely differently from the promise it made.

After the DPRK-U.S. agreed framework was adopted, the United States has continued to openly commit maneuvers to crush [apsal] us militarily. Up until recently, the United States announced the new East Asian strategy; nullified the plan to withdraw U.S. Forces occupying South Korea; and is dragging into South Korea modern operational equipments in a large scale.

Also, the United States openly declared that it will hold a new joint military exercise to replace the Team Spirit joint military exercise within two months in South Korea. They also announced the plan to develop a new pilotless reconnaissance plane jointly with the South Korean puppets aimed at espionage of the northern region of the Republic.

It is all the more needless to say that the reexamination by the U.S. Defense Department of the strategic supplies

and weapons transportation system assuming a Korean war in the 21st century is one of the links and extension of such maneuver to militarily crush us.

All facts show that the United States, running counter to the worldwide trend of facilitating detente and the spirit of the DPRK-U.S. agreed framework, is persistently maneuvering to bring about a new war on the Korean peninsula without fail. Due to such military maneuvers by the United States, the situation on the Korean peninsula has become tense as ever, and in reality the Korean peninsula is becoming a dangerous region which has the most possibility of an eventual new war in the world.

The United States must correctly know that the persistent maneuver to militarily crush us will by no means bring about good results to them either. No kind of maneuver to militarily crush us and policy of strength works for us. This was already vividly proven through practice.

Our people are people who treasure sovereign rights even more than life. As in the past, our people will not tolerate aggressive and interfering acts by any means in the future and will resolutely deal with this matter.

We are ready for dialogue as well as war [urinun taehwaedo chonjaengedo ta chunbidoeoitsumnida]. The United States must by no means doubt our people's steadfast will. If the United States continues to move toward the adventurous road of war by clinging to the policy of strength as it was regardless of our repeated warning, it will have to be wholly responsible for all consequences arising therefrom.

ROK Military Activity Near DMZ Reported

SK3003045495 Pyongyang KCNA in English 0437 GMT 30 Mar 95

["Offensive Operational Exercise Against the North"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 30 (KCNA)—The South Korean puppets on March 29 let infantry units, a group of over 20 tanks and armoured cars and 10 odd helicopter gunships of the puppet army advance toward the Demilitarized Zone of the Military Demarcation Line in the central sector of the front, firing hundreds of shells, according to military sources.

As the military action went in high gear, the puppets deployed more than thirty 105 mm guns in the central sector of the front and fired as many as 400 shells toward areas adjacent to the Demilitarized Zone.

This fully shows that the war frenzy of the Kim Yong-sam fascist clique against the North has reached an extreme phase.

The South Korean puppet clique should look at the trend of the times squarely and stop acting rashly.

Kim Yong-sam Urged To Stop 'War Maneuvers'

SK2903124795 Pyongyang Korean Central Broadcasting Network in Korean 1222 GMT 28 Mar 95

[Commentary by Yun Pyong-son: "Those Warmaniacs Who Are Hastening Their Own Destruction"]

[FBIS Translated Text] The South Korean puppets are all the more strengthening their confrontation with us. Following its request for the United States to sell 168 air-to-ground missiles to South Korea, the Kim Yong-sam ring again plans to bring in from the United States 100 updated short-range air-to-air missiles. The puppets are also maneuvering to produce and deploy tens of radio-controlled planes in cooperation with a U.S. firm for reconnaissance of the northern half of the Republic.

This shows how frenziedly the Kim Yong-sam ring is engaged in the arms reinforcement maneuver to harm fellow countrymen; it is an intolerable challenge to the nation's aspirations and demands.

In this year, when the 50th anniversary of the fatherland's liberation and the 50th anniversary of national division will be marked, our people have vigorously launched into the grand reunification march to open a new phase of reunification of the fatherland by achieving national reconciliation and unity.

In order to keep in step with this strong current of the nation, they should throw out their hidden sword and no longer act to agitate the other party. It is basic common sense that reconciliation and unity cannot be achieved in an aggravated confrontation.

However, taking no regard of national aspirations and demands, the Kim Yong-sam ring is absorbed only in arms reinforcement and war maneuvers. It is an unchanged ambition pursued by the villains to provoke a war of northward invasion with outside forces and to achieve reunification by defeating communism through the reinforcement of its armed forces.

The puppets' daily engagement in northward invasion-simulated war exercises, the large-scale import of war equipment from other countries, and the aggravation of tensions by constantly committing grave military provocations against the northern half of the Republic, are all linked to this.

What cannot be overlooked is that the Kim Yong-sam ring is engaged in this arms reinforcement maneuver at the same time when the anti-Republic confrontation commotion is being amplified in South Korea.

The Kim Yong-sam ring's brutal and immoral act of wielding a sword during last year's mishap of their fellow countrymen is an unparalleled sin that can never be pardoned. However, the villains are shamelessly trying to justify the sin they committed during the mourning period, and are again wielding a sword against our heartbroken people, thus aggravating the confrontation inside the nation.

They are also engaged in an anti-Republic commotion, having the puppet Agency for National Security Planning concoct various plots so as to inspire the South Korean people's hostility against us.

Meanwhile, the traitor Kim Yong-sam appeared at a so-called graduation ceremony of the puppet Military Academy and uttered without hesitation provocative and absurd words of punishment and warning against us.

Is it merely by chance that the puppets are proceeding with the arms reinforcement maneuver at the same time when a whirlwind of confrontation is blowing and a series of bellicose and absurd remarks are made in South Korea? This clearly shows that the puppets consider the provocation of a war of northward invasion with outside forces to be an established plan, and are accelerating the preparations for this.

The worthless confrontation and war maneuvers by the Kim Yong-sam clique are further aggravating tensions on the Korean peninsula. The traitorous Kim Yong-sam clique is indeed a cursed group of warmaniacs who are indiscreet in employing means to harm their fellow countrymen.

The puppets, faced with a fatal crisis due to the general ruin of their reforming play and their isolation from the external world, are trying to find a way out of the crisis in a war of northward invasion. However, this is a wrong assumption. Because the train of reconciliation and unity is running toward reunification like a gust of wind, it is easy to guess the fate of those who are running counter to it.

Their arms reinforcement intensifies and aggravates the confrontation and tensions, and will only hasten their own destruction. On many occasions, we have warned we will never forgive provokers. The puppets should clearly be aware that, if they dare to agitate us like a new-born puppy too young to fear a tiger, they will see their end.

The Kim Yong-sam ring must immediately stop the worthless arms reinforcement maneuver that is like chopping off one's own foot with an ax.

Kim Yong-sam's Remarks Urging N-S Talks Decried

SK3003103195 Pyongyang KCNA in English 1016 GMT 30 Mar 95

["Kim Yong-sam's Shameless Act Denounced"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 30 (KCNA)—A few days ago, the traitor Kim Yong-sam showed up at a "graduation and appointment ceremony for 43rd-term leavers" of the puppet airforce academy and span out a string of poisonous utterances reversing

black and white, claiming that the North is posing threat to peace and aggravating tensions on the Korean peninsula.

Branding this balderdash as a shameless jargon reminding people of a thief crying "stop thief", a news analyst of NODONG SINMUN today says:

It is none other than the Kim Yong-sam group that is coiling up the tension and bringing the fiery cloud of war to the Korean peninsula in conspiracy with outside forces.

As there is a saying that the dog barks and the caravan goes on, it is no use for the South Korean puppets to slander the North which loves peace.

It must not go unnoticed that the traitor Kim Yong-sam again cried for the hackneyed "resumption of North-South dialogue".

The Kim Yong-sam group added one more heinous crime to the records of its thrice-cursed crimes when it recently justified once again its anti-ethical barbarous acts it committed last year over the misfortune of the fellow countrymen in the North.

Preposterous are the outcries for "resumption of dialogue" made by those who have no willingness to achieve national reconciliation and hold dialogue with the fellow countrymen in the North and no intention to abandon their hostile attitude to the north, the dialogue partner. It is, indeed, an intolerable mockery of the North.

History will severely punish the traitor Kim Yong-sam who is laying grave obstacles in the way of peace and peaceful reunification of the country as days go by.

Kim Yong-sam's National Tour Criticized

SK3003104795 Pyongyang KCNA in English 1018 GMT 30 Mar 95

["Despicable Act To Remain in Power"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 30 (KCNA)—The traitor Kim Yong-sam is touring different parts of South Korea to make speeches of "charity commitments" in a base bid to have his servants won in the "local autonomous election" scheduled in June.

MINJU CHOSON says this in a signed commentary today. It goes on:

The Kim Yong-sam group has been denounced and rejected by the people for its numerous crimes after coming into power.

In South Korea the "local autonomous election" is to be held in June this year, the "general election of National Assembly" in the next year and the "presidential election" in 1997.

Under this situation the group attempts to win the "elections" with money and power to stay longer in power.

But the "elections" will result in adding fuel to the flames of the anti-Kim Yong-sam movement. The South Korean people will deliver stern judgement on the Kim Yong-sam group.

People Reportedly Condemn Kim Yong-sam's 'Crime'

SK3003110895 *Pyongyang KCNA in English 1033 GMT 30 Mar 95*

[FBIS Transcribed Text] *Pyongyang, March 30 (KCNA)*—People from all walks of life in the Democratic People's Republic of Korea unanimously condemned the Kim Yong-sam group for thrice-cursed crime of defending again its anti-ethical barbarous behaviour towards their misfortune by saying it was a "proper step".

The chief of a department of Saenal University, Ho Chae-yol, said: "The provocative and haughty utterances of the Kim Yong-sam group towards the mourning angered me, indeed. Even though the Kim Yong-sam group kneels down before the entire fellow countrymen and makes its apologies repeatedly, its heinous crime can never be pardoned."

"The traitor Kim Yong-sam is neither a fellow countryman nor a human being," he said, and stressed: "It is a matter of time that the traitor Kim Yong-sam is thrown into a dust-bin of history."

Yi Song-pong, pastor in charge of the Pongsu church, said:

"The traitor Kim Yong-sam is posing as a Christian presbyter but we hate such a sham religionist as him ignorant of popular sentiment and the will of heaven."

"The Kim Yong-sam group must be struck by lightning only for his crime. We cannot show mercy to it in any case," he said, adding, "the traitor Kim Yong-sam, a savage in human skin, will be denounced by the nation once and for all and will go to hell."

Kim Yong-tong, department director of the State Commission of Science and Technology, said, "If the traitor Kim Yong-sam is left intact, the nation cannot avoid war calamities, far from achieving reunification. The group of traitors must be removed in time."

Yi Sun-yo, manager of the Mangyongdae District state farm in *Pyongyang*, charged the traitor Kim Yong-sam's group with having not shown its mourning, ignoring elementary ethics and morality, and levelled guns at the sorrow-stricken hearts of the fellow countrymen, when the Korean people were in the bitterest grief at the loss of the father of the nation. She branded it as a human butcher with whom the Korean nation cannot live any longer under the same sky.

Attempt by ROK's DLP To Pass Election Law Noted

SK3003021595 *Pyongyang Korean Central Broadcasting Network in Korean 0655 GMT 28 Mar 95*

[Dialogue between reporters Chong Song-kang and Kim Hae-kyong: "Gangster's Act by a Puppet Democratic Liberal Party, DLP, Engrossed With the Ambition for Long-Term Power"]

[FBIS Translated Text] [Kim] How are you? As was already exposed, the Kim Yong-sam group recently forced the passage of the so-called integrated elections law, which was amended in their favor, in the National Assembly.

The Kim Yong-sam group nullified the system of official nomination of candidates by political parties in the elections of heads of basic units of the local autonomy. This is part of their conspiracy to have their hooligans win the elections.

As the DLP hooligans attempted to forcibly pass the integrated election law during an extraordinary session of the Assembly, opposition parties and various social circles strongly resisted their attempt.

[Chong] You are right. The Democratic Party [DP] in South Korea, the opposition party, blocked the speaker and vice speaker of the National Assembly from coming to their offices in the Assembly for nearly six days. As a result, the election law in question could not be put on the agenda of the puppet National Assembly.

If the traitor, Kim Yong-sam, had even the smallest amount of reason, he would have canceled the integrated election law and stopped maneuvers for postponing the elections of local autonomous bodies. However, the traitor Kim Yong-sam persistently schemed to forcibly pass the integrated election law in the puppet National Assembly. Not satisfied with this, he arrested and arraigned the assemblymen of the opposition party, who were blocking the assembly speaker and vice speaker, by mobilizing several hundreds of policemen, thus perpetrating a fascist violent act.

[Kim] This is indeed a rash act of those who take no notice of the will of the people and of the law, and is a violent act of gangsters who infringe upon even basic parliamentary democracy. This clearly shows how far the scheme of Kim Yong-sam group has advanced in consolidating the foundation for long-term power.

Enraged by this act, the DP staged all-night sit-in struggles in the National Assembly in an attempt to block the illegal, rushing passage of the bill by surprise by the Kim Yong-sam group. In addition, the DP resolved to rise in the struggle to overthrow the regime in the event that the Kim Yong-sam group forcibly passes the bill at last.

[Chong] You are right. I think that the traitor Kim Yong-sam and his puppet DLP are entirely responsible for the situation in South Korea.

The Kim Yong-sam puppet clique's proposal of the so-called integrated election law lacked any propriety and was an attempt to pass it in a rushing, surprise manner is itself illegal, and should be labeled a gangster's act.

The Kim Yong-sam group attempted to forcibly pass the bill in the Assembly as it did in the past by taking advantage of its majority in the National Assembly. This is tyranny by a dictatorial group. Besides, the Kim Yong-sam group arrested and arraigned the opposition assemblymen without warrant by mobilizing police force on the pretext that they attempted to block its aim. This is indeed a rash criminal act that is not worthy of further discussions.

[Kim] The Kim Yong-sam group's actions and remarks attest to the falsehood of the political development, liberal democracy and so forth, which they rave loudly about. Even after the emergence of the so-called civilian government in South Korea, only one-man and one-party fascist dictatorship has been rampagous.

In South Korea, where lawmakers were arrested en masse by police and even basic parliamentary democracy cannot be insured, one cannot conceal the bloody situation of fascism, no matter how loudly one may propagandize liberal democracy.

[Chong] You are right. The reason why the Kim Yong-sam puppet clique is running amok to pass the integrated election law is to fill local self-governing bodies with its own confidants by repressing the opposition party and to supplement and strengthen its collapsing ruling system. Thus, the Kim Yong-sam puppet clique is scheming to consolidate system for long-term power by tiding over the crisis in the later stages of its power.

Being isolated at home and abroad, the Kim Yong-sam puppet clique is being forsaken by everybody. This being the reality, it is clear that the Kim Yong-sam's hooligans will be defeated in the elections if the elections are conducted under the present election law. The traitor Kim Yong-sam is well aware of this. This is why he is running amok to make his own hooligans win the elections in such a way as to abolish the system of officially nominating candidates by political parties in the election of heads of basic units. Besides, he put forward so-called integrated election law in an attempt to find an excuse for postponing the elections in the event that he fails in abolishing this system.

[Kim] The traitor Kim Yong-sam's attempt to open the road to extending his power by revising the election law, is an unpardonable crime and an ambitious challenge to the South Korean people who demand his resignation. No matter how frenziedly traitor Kim Yong-sam may run amok to extend his power, he cannot deceive the South Korean people. The South Korean people have already sentenced the traitor Kim Yong-sam to death. The traitor Kim Yong-sam will be certainly thrown into history's trash can by the powerful struggle of the people.

Reunification Festival Committee Meets

SK3003151695 *Pyongyang KCNA in English 1502 GMT 30 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 30 (KCNA)—The North side preparatory committee for grand national reunification festival to celebrate the 50th anniversary of the liberation on the country on March 29 sent letters to Sin Chang-kyun, permanent advisor to the South side headquarters of the National Alliance for the Country's Reunification and advisor to the "National Alliance for Democracy and Reunification"; Yi Yong-hui, professor of Hanyang University; Yi U-chong, democratic member of the "National Assembly"; Choe Chison, co-representative of the Religionists Council for National Reconciliation and Reunification and permanent chairman of the "National Alliance of Buddhist Movement"; and Yi Hoe-chang, former prime minister, as regards the co-hosting of the August 15 grand national reunification festival.

The letters said that when the North, the South and overseas jointly celebrate the 50th anniversary of the liberation of the country on August 15, a great progress will be made in removing the pent-up misunderstanding and distrust and achieving national unity and reunification in the 90's.

The letters proposed to have contacts in a third country in April to discuss the matters concerning the preparations for the August 15 grand national reunification festival and expressed the hope that they would show an affirmative response to it.

Protocol Signed With PRC on Exchange in Sports

SK2903224895 *Pyongyang KCNA in English 1515 GMT 29 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 29 (KCNA)—A protocol on exchange in sports for 1995 between the State Commission of Physical Culture and Sports of the Democratic People's Republic of Korea and the State Physical Culture and Sports Commission of the People's Republic of China was signed in Pyongyang on March 29.

It was signed by Pak Myong-chol, chairman of the State Commission of Physical Culture and Sports of the DPRK, and Chinese Ambassador to Korea Qiao Zong-huai.

Government Cultural Delegation Leaves for PRC

SK3003112395 *Pyongyang KCNA in English 1048 GMT 30 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 30 (KCNA)—A DPRK Government cultural delegation led by Chon Yon-ok, vice-chairperson of the Committee for Cultural Relations With Foreign Countries, left here today for China.

It was seen off at Pyongyang railway station by officials concerned and Qiao Zonghuai, Chinese ambassador to Korea.

Kim Il-song's Birth Anniversary Marked Abroad

*SK3003050995 Pyongyang KCNA in English 0425
GMT 30 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 30 (KCNA)—Functions were organized in foreign countries to mark the birth anniversary of the great leader President Kim Il-song.

A meeting and a film show were sponsored by the socialist party of Kazakhstan in Almati.

In his report at the meeting, G.K. Alimjarov, co-chairman of the party, said:

"The great Comrade Kim Il-song of the Korean people was an outstanding leader of the international communist movement and the working-class movement.

"His whole life was dedicated to the liberation of the people and the independence, prosperity and reunification of the country.

"Korea has turned into a powerful socialist state in the world. This is a result of the wise leadership and brilliant achievements of Comrade Kim Il-song.

"The most brilliant of his achievements is that he splendidly solved the question of succession to the socialist cause.

"Our socialist party will always closely solidarize with the Workers' Party of Korea headed by Comrade Kim Chong-il on the road to attain the common objective."

Korean films showed in Rome, Conakry, Dar es Salaam and Stockholm and at the Ghana national commission on enterprise and the group for the study of the chuche idea of Comrade Kim Il-song of Anns Grov Region, the Fourth Province, Guyana. [region and province as received]

The brief biography of President Kim Il-song was studied at the group for the study of the chuche idea of Kim Chong-il in Kinshasa, Zaire and the group for the study of the chuche idea of Comrade Kim Il-song of the Guyanese Cooperative Union, Ltd.

Korean book, photo and handicraft exhibitions took place in Bulgaria and Peru.

Greetings Sent to Communist Party of Canada

*SK3003111195 Pyongyang KCNA in English 1036
GMT 30 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 30 (KCNA)—The Central Committee of the Workers' Party of Korea sent a message of greetings on March 30 to

Hardial Bains, national leader of the Communist Party of Canada (Marxist-Leninist), on the 25th anniversary of the foundation of his party.

The message said that the Communist Party of Canada (Marxist-Leninist) has grown stronger into a vanguard organization true to the cause of independence and socialism against imperialism over the past 25 years since its foundation, under the correct leadership of Hardial Bains and the Central Committee of the Party.

The message expressed the belief that the celebrations of the 25th anniversary of its foundation would be an important occasion in strengthening and developing the party into a popular political party of the working people and wished him greater success in his responsible work.

Meeting Observes Independence Day of Senegal

*SK3003050795 Pyongyang KCNA in English 0429
GMT 30 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 30 (KCNA)—A meeting celebrating the 35th anniversary of the independence of Senegal was sponsored here on Wednesday by the Korea-Senegal Friendship Association.

The meeting was attended by Choe Hui-chong, chairman of the State Commission of Science and Technology and chairman of the Korea-Senegal Friendship Association, officials concerned and working people in the city.

The meeting heard a speech and adopted a congratulatory message to the Senegalese president.

Foreign Military Attaches Watch Musical Show

*SK3003050695 Pyongyang KCNA in English 0434
GMT 30 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 30 (KCNA)—The corps of foreign military attaches in Pyongyang appreciated the famous pieces of music under the title "Song of Hearts Following the General" performed by the artistes of the Song and Dance Ensemble of the Korean People's Army on March 29.

After seeing the performance Tran Thuc, doyen of the corps and military attache of the Vietnamese Embassy in Pyongyang, said that the performance showed well the firm conviction and will of the Korean People's Army and people to fight to the end under the guidance of respected supreme commander Comrade Kim Chong-il.

We, he said, firmly believe that the Korean people and army will successfully accomplish the revolutionary cause of chuche under the wise leadership of the respected comrade supreme commander.

Military attache of the Chinese Embassy Liu Jianhua said that he appreciated with deep impression the famous songs created in the revolutionary struggle and

the songs highly praise the great leader President Kim Il-sung and respected supreme commander Comrade Kim Chong-il.

Yuriy Sibrayev, military attache of the Russian Embassy, stressed that the famous pieces of music concentrically showed singlehearted unity around respected supreme commander Comrade Kim Chong-il and the revolutionary history of Korea.

Kim Chong-il's Economic Strategy Praised

SK3003100195 Pyongyang NODONG SINMUN in Korean 2 Mar 95 p 2

[Article by Hwang Chang-man: "Militant Banner Which Vigorously Encourages and Inspires the Struggle To Implement the Party's Revolutionary Economic Strategy"]

[FBIS Translated Text] Today our people are vigorously waging a struggle to implement the party's revolutionary economic strategy, upholding the great leader's [suryong] lifetime teachings and are firmly united as one will and one mind around respected and beloved Comrade Kim Chong-il.

The great leader [yongdoja] Comrade Kim Chong-il has brilliantly elucidated all theoretical and practical problems arising in implementing the party's revolutionary economic strategy and is wisely leading our people so that they can push ahead with the struggle for its implementation with a firm faith in certain victory and optimism.

Herein lies the vital significance of the classical work on thoroughly implementing the party's revolutionary economic strategy published by the great leader [yongdoja] Comrade Kim Chong-il on 1 March 1994. The work elucidates in detail the importance and significance of the party's revolutionary economic strategy, its essence and basic goal, and the task and method to implement it. Because of this, the work has become a programmatic guideline that our party and people should firmly grasp in the struggle to implement the party's revolutionary economic strategy.

The important ideology stressed in the work is that we should rapidly promote the people's living standard and firmly safeguard, defend, and glorify the popular mass-centered socialism of our own style by firmly grasping and pushing ahead with the party's revolutionary economic strategy.

The great leader [yongdoja] Comrade Kim Chong-il has indicated: "Thoroughly implementing the party's revolutionary economic strategy and, thus, effecting a turning point in socialist economic construction is precisely a revolutionary task facing us today."

The implementation of the party's revolutionary economic strategy is of great significance in further enriching our country, our fatherland. Our country is a

most superior socialist country. The imperialists are perpetrating all sorts of maneuvers to crush the socialism of our own style today. To smash the imperialists' challenges and to achieve prosperity and development of our country, it is imperative to rapidly promote the people's living and, thus, to lead them to have firm faith in socialism. When we extensively enhance the superiority of socialism of our own style by rapidly promoting our people's living and when, consequently, our political and economic might is strengthened our fatherland will be further enriched and any maneuvers by the imperialists can be smashed.

The great leader Comrade Kim Chong-il's work proves the wisdom of leadership of our party in presenting the revolutionary economic strategy based on the scientific analysis of the prevailing situation and the present reality of socialist economic construction in our country. Because of this, the work inspires and encourages our people to firmly cherish deep in their hearts the greatness of the party and the leader [suryong] and the correctness of our party's economic policy and to rise up in the struggle for economic construction.

Thanks to its profound ideology and theory and their correctness, the work fully displays invincible vitality in our socialist construction.

The significance of the work is above all that it has clearly elucidated the essence, content, and basic goal and demands of the party's revolutionary economic strategy and, thus, led functionaries and the working people to vigorously rise up in the struggle to implement the economic strategy with a firm faith and revolutionary optimism.

The people in charge of implementing the party's revolutionary economic strategy are precisely functionaries and the working people themselves. Therefore, only when functionaries and the working people correctly realize the essence and correctness of the party's revolutionary strategy can they deeply master the party's intent in implementing the strategy and prepare themselves ideologically.

Our party's revolutionary economic strategy is to thoroughly implement the agriculture-first, light industry-first, and trade-first policies in the period of readjustment; to firmly give priority to the coal and power industries and railway transportation, which are the leading sectors of the national economy; and to continue to develop the metal industry. This is a economic strategy to reform the country's economic structure from an economy with primary emphasis on heavy industry to an economy with primary emphasis on agriculture and light industry and to change the direction of external trade in conformity with the changed international circumstances and with the present demands of our national economy.

In a nutshell, our party's revolutionary economic strategy is, in essence, not only a strategy to develop

agriculture and light industry, but is also a strategy to promote the people's living.

Dramatically promoting the people's living is the greatest principle of our party's activities. Our party has always done everything to systematically promote the people's material and cultural life. Thanks to its leadership, all the working people are fully enjoying happy and stable lives under the most superior socialist system. Nonetheless, we should never be satisfied with this. When our people's living is promoted to a higher stage in conformity with the socialist demands, the popular masses' revolutionary zeal and creative activity could be highly displayed, thus effecting new revolutionary upsurges in every front of socialist construction. Rapidly promoting the people's living is an important guarantee to further strengthen our society's single-hearted unity, to consolidate the people's faith in socialism, and to highly display the superiority and might of the socialism of our own style.

The work illuminates the basic goals of the party's revolutionary economic strategy on promoting the people's living by concentrating efforts on the development of agriculture, light industry, and trade; on normalizing the production in all the sectors by giving definite precedence to the sectors that must advance ahead of the other sectors; and on fully displaying the might of the already-prepared economic foundation.

Our party's revolutionary economic strategy opens up a firm prospect to triumphantly carry out the basic lines of economic construction in conformity with the demand of the developing reality; to further consolidate the country's economic and material foundation; and to occupy a new and higher position in socialist construction. The great leader [yongdoja] Comrade Kim Chong-il has elucidated in detail all the theoretical and practical questions arising in implementing the party's revolutionary economic strategy. This is intended at leading our functionaries and working people to deeply cherish the essence and justness of our party's revolutionary economic strategy and at performing it with new confidence and fighting spirit.

The significance of the work is that it has illuminated the tasks and ways to carry through the party's revolutionary economic strategy, thus providing a mighty weapon for the struggle that must be firmly taken hold of by our functionaries and working people in the present stage.

The party's revolutionary economic strategy is a most scientific strategy that reflects the prevailing situation and the realistic demand of developing revolution. When the strategy is based on correct ways and means, it can be successfully implemented. Furthermore, as well as remodeling the heavy industry-centered economy into an agriculture- and light industry-centered economy, concrete and scientific ways and means should be elucidated.

In the great leader [yongdoja] Comrade Kim Chong-il's work, concrete tasks and means, such as the question of

correctly carrying out economic management and properly carrying on economic organization works in conformity with the revolutionary economic strategy are comprehensively elucidated. What is important here is enhancing the function and role of administrative and economic organs, including the Administration Council, and improving their planning work. Socialism should also prevail over capitalism in economic development, and only a socialist planning economy can defeat a capitalist market economy. The national economic plan should be drawn up thoroughly in conformity with the party's revolutionary economic strategy and should set up a strong discipline of carrying out all economic works in accordance with the plan. In the work, the question of displaying high revolutionary spirit and responsibility in mapping out and implementing the plan with a correct viewpoint and attitude toward the state planning is emphasized. The work also elucidates the question of ensuring the necessary materials and supplies, the question of actively searching out internal reserves and increasing production to the maximum, and the question of vigorously carrying out the technical innovation movement.

Thanks to the work, the tasks and ways to implement the party's revolutionary economic strategy have been illuminated in detail, enabling our people to vigorously carry out the struggle to implement the party's new economic strategy without any deviation.

The importance of the great leader [yongdoja] Comrade Kim Chong-il's work lies in the fact that it enabled our functionaries and working people to effect new revolutionary upsurges in their ideological viewpoint, their way of thinking, their work style, and their way of activity in the struggle to implement the party's revolutionary economic strategy.

The party's revolutionary economic strategy is a strategy which effects a fundamental turn in socialist economic construction. It also calls for people to effect a revolutionary turn in their ideological viewpoint, way of thinking, work habits, and the way they conduct their activities.

The work also elucidates methods so that guiding functionaries and the working people work and live in a revolutionary manner in conformity with the demands of the party's revolutionary economic strategy. In particular, it is important for guiding functionaries to vigorously organize and command economic organizational work with firm faith and optimism. Functionaries are commanding members of the revolution and core elements of our party. Our party's revolutionary economic strategy can be implemented only by revolutionary commanding members. Therefore, only when functionaries work with firm faith and fighting spirit can they correctly organize and mobilize the masses and achieve victory and success in the implementation of the revolutionary economic strategy.

Guiding functionaries should correctly view our just struggle and proud realities from a chuche-oriented

revolutionary standpoint and should work and struggle with a firm faith in certain victory and indomitable fighting spirit. Guiding functionaries should deeply mingle with the masses and demonstrate exemplary deeds in order to inspire them to new struggle and exploits. Thus, guiding functionaries should perform their mission as commanding members of the revolution.

It is important for functionaries and the working people to highly display the revolutionary spirit of self-reliance and fortitude in the struggle to implement the revolutionary economic strategy. Our party's revolutionary economic strategy is a strategy of self-reliance and a strategy of fortitude. We should wrap up all problems arising in implementing the party's revolutionary economic strategy with our own materials, raw materials, technology, and strength.

The policy on highly displaying the revolutionary spirit of self-reliance in the implementation of the party's revolutionary economic strategy is a most revolutionary policy which is based on the scientific analysis of our people's aspiration and demands and the historic experience of our socialist construction.

Our party's revolutionary economic strategy can be victoriously implemented only when the revolutionary spirit of self-reliance and fortitude is displayed. Those functionaries who throw themselves into arduous and difficult work with enthusiasm and aggressively struggle, who vigorously break through all sorts of barriers and difficulties, and who solve difficult problems with their own strength are precisely genuine revolutionaries. The loyalty of our functionaries and workers to the party and revolution should be displayed in the practical struggle to accomplish the party's revolutionary economic strategy with the revolutionary spirit of self-reliance. All economic guiding functionaries should thrust their shoulders in solving the questions arising from the economic projects, with a determination to resolve everything with their own strength even if the higher echelons do not supply the necessities, although it would be better if the higher echelons did supply them. We should carry out everything with responsibility as befitting the masters, while emulating the high level of spirit, the revolutionary spirit of self-reliance and fortitude, shown by the functionaries at the Chonchon County Commercial Management Office and Maengsan County.

Today, the great leader [yongdoja] Comrade Kim Chong-il's work serves as a militant banner which forcefully encourages and inspires all of our functionaries, party members, and workers who have risen up in the struggle to accomplish the party's revolutionary economic strategy; and as a programmatic guiding principle which helps improve the people's livelihood in an epoch-making way and highly display the superiority of our-style socialism.

We should further enrich our country, our fatherland, by vigorously struggling to accomplish the party's revolutionary economic strategy, while upholding the great leader [yongdoja] Comrade Kim Chong-il's noble intentions.

KCNA Highlights Spring Friendship Art Festival

SK3003110795 Pyongyang KCNA in English 1024 GMT 30 Mar 95

[FBIS Transcribed Text] Pyongyang, March 30 (KCNA)—The 13th April Spring Friendship Art Festival will be held in the Democratic People's Republic of Korea on the occasion of the birth anniversary of the great leader President Kim Il-song, the 15th of April.

The festival has been traditionally held from 1982.

The festival earnestly demonstrates the boundless respect and reverence of the world revolutionary people for President Kim Il-song who created the immortal *chuche* idea and wisely led the popular masses' cause of independence under its banner.

The festival contributes to strengthening and developing friendship and solidarity, cooperation and exchange between the artistes of different countries of the world in the noble idea of independence, peace and friendship.

The festival has been held on 12 occasions, attended by 800 art troupes and circus groups and tens of thousands of artistes from almost all countries of the world.

The festival prizes have been awarded to over 40 troupes and groups, about 200 artistes and creators and 220 art pieces.

Deep impressions on the audience at the festival last year were left by "Hymn to the Great Leader" created and sung by Bangladeshi musician, Amitul Islam Khan Mubul, in praise of the immortal revolutionary achievements of President Kim Il-song, "Kimchongilia" sung by labour heroine of the former Soviet Union and people's actress Z.R. Georgiyevna, who is chairwoman of the Russian Academy of Folklore Culture and head of the folklore song and dance troupe of Russia, representing the unanimous feelings of reverence of the world people for Comrade Kim Chong-il, the great guide of the era of independence, and "Song of China-Korea Friendship" danced by the Chinese art troupe.

The festival this year, the first since the death of President Kim Il-song, will be a more significant one because it will reflect the desire and wish of the progressive people and artistes of the world to hold the great leader Comrade Kim Il-song in high esteem for all ages and hand down his revolutionary achievements forever.

Power Plants in Yanggang Increase Production

SK3003020395 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 29 Mar 95

[FBIS Translated Text] According to a report filed by Central Broadcasting correspondent An Ki-chun, functionaries and working class of the small-, and medium-sized power general enterprises in Yanggang Province,

who have turned out to accomplish the party's revolutionary economic strategy, have exceeded the mid-year target by 103 percent, 15 days ahead of schedule.

By tenaciously carrying out technical management work of the plant and operating every equipment at full capacity, electricity generating workers of Karimchon No. 5 Power Plant generated an additional 17,000 kwh of electricity than planned.

The newly built Hawondong Power Plant, which has just begun operation, has contributed to overfulfilling the quarter plan ahead of schedule by producing more electricity.

South Korea

Kim Yong-sam: ROK-Model Reactor 'Only' Choice

SK3003114695 Seoul YONHAP in English 1134 GMT 30 Mar 95

[FBIS Transcribed Text] Seoul, March 30 (YONHAP)—President Kim Yong-sam warned on Thursday that if North Korea rejects a South Korean model of light-water reactors to the end, the reactors project itself may not be undertaken after all.

"The South Korean standard model is the only practically available choice," Kim said.

He said it is the firm stand of South Korea and the United States that South Korea will play a central role in the supply of reactors to North Korea.

In a special interview held with the daily TONG-A ILBO on the paper's 75th anniversary Saturday, the president said that since South Korea would bear most of reactors expenses, "Everything would depend upon us and our role will be commensurate with our share in the expenses."

On the issue of a South-North summit meeting, President Kim said it would be proper for North Korea to express their posture first over the matter once the power succession question is resolved.

He noted that it was North Korea which asked for the indefinite postponement of a planned summit meeting upon the death of Kim Il-song.

President Kim rejected the idea of revising the Constitution to allow a president to seek a second term of office. "I think the present single 5-year presidential term is long enough," he said.

"Given the present South-North confrontation and our political backwardness, a constitutional amendment may bring about an unfortunate consequence," the president added.

Foreign Minister Reaffirms Position

SK3003084895 Seoul KBS-1 Radio Network in Korean 0800 GMT 30 Mar 95

[FBIS Translated Text] Foreign Minister Kong Nam-yong has revealed that we cannot accept the new proposal put forth by North Korea, and no concessions whatsoever can be made regarding the title of the ROK-type light-water reactor.

Foreign Minister Kong revealed this in an informal session with reporters this afternoon. In particular, he said that if we made concessions on the title of the ROK-type light-water reactor, it would be the same as abolishing the core condition of the light-water reactor contract which regulates our central role, thus, this cannot be a subject of concession or compromise.

Foreign Minister Kong emphasized that even though pressure is put on us by the United States and Japan, the implementation of the ROK-type light-water reactor, including the issue of the title of the light-water reactor and our central role, are matters that cannot be compromised.

Vice Foreign Minister Comments

SK3003040095 Seoul YONHAP in English 0323 GMT 30 Mar 95

[FBIS Transcribed Text] Seoul, March 30 (YONHAP)—Vice Foreign Minister Yi Si-yong hinted Thursday that the North's reference to South Korean light-water reactors in a proposal they made to the United States in Berlin over the weekend may be an indication they are willing to accept them once some conditions are met.

Yi said, "the terms which North Korea attached (in nuclear talks with the United States in Berlin last weekend) cannot actually mean (the South Korean standard) Ulchin Nos. 3 and 4."

Yi, however, did not confirm reports that the North expressed its willingness to accept light-water nuclear reactors from the U.S. firm Combustion, where the Ulchin Nos. 3 and 4 sprang, a major concession allowing South Korea to play a central role in the construction of light-water reactors for the North.

"We had a lengthy meeting overnight to decide whether or not to reveal the proposals made by the North during the recent Berlin talks," said Yi. "And the conclusion is that we will not reveal the contents of the Berlin talks, at least not until the next round of talks (between Washington and Pyongyang) are held."

South Korea and the United States fear that any leakage of the proposals could adversely affect the next round of talks which will be held next month. If there is a leak concerning the Berlin talks, Yi said, it could restrict the ability of North Korea's to maneuver on the issue.

"North Korea might have made the proposals to cause a break in the nuclear deal with the United States and to have South Korea appear responsible for the break of the negotiations," said Yi.

"The proposals, however, can also be seen as part of the North's strategy to maintain the agreed framework (with the United States on North's Korea's nuclear program) while not allowing South Korea a central role in the construction of nuclear reactors to North Korea," said Yi.

South Korea needs to have talks with the United States and Japan soon in order to discuss the items of the proposal made by the North because the proposal's items contains both optimistic and pessimistic aspects for South Korea, said Yi.

He, however, added that South Korea still considers the proposals unacceptable because they basically require American-made reactors and refuse to allow South Korea to play a central role in the light-water nuclear reactor project in the North.

South Korea and the United States maintain the same position on the issue and what matters most to them is how to analyze the North's proposals and tackle them at the next round talks, Yi said.

"We cannot rule out the possibility of the North accepting South Korean-made reactors in view of the North's flexible appearance during the Berlin talks last weekend," said Yi, who added that the proposals might have been made as ones to precede full concessions which accept South Korean models.

South Korea and the United States had anticipated the Berlin talks lasting no longer than one or two days when North Korea's chief delegate Kim Chong-u threatened that he would not even discuss the issue of South Korean reactors, Yi said.

The North, however, did not make such threats during the talks and North Korea actually proposed to "adjourn" the talks in hopes to resume the talks another time, said Yi.

"We need to wait and see the attitudes of the North especially when the North has two important events in April, including the birthday of the North's late leader Kim Il-song which falls on the 15th, and the international culture and sports festival in Pyongyang slated for late April," said Yi.

He hoped that the North will not want to foster tension on the Korean peninsula by breaking the nuclear deal which sets April 21 as the target date for the conclusion of the contract for the construction of the reactors.

Unification Minister on Stance

SK3003054895 Seoul YONHAP in English 0503 GMT
30 Mar 95

[FBIS Transcribed Text] Seoul, March 30 (YONHAP)—Deputy Prime Minister and National Unification Minister Na Ung-pae said Thursday that the government

cannot accept any deal providing light-water nuclear reactors to North Korea unless South Korea is included in the negotiations.

He said providing the South Korean standard-model light-water nuclear reactor is a part of the government's program for common prosperity for all Korean people.

At a breakfast lecture sponsored by the economist club, Na stated that South Korea's assistance in the nuclear reactor project is an expression of its intention to improve inter-Korean relations.

Emphasizing that the government will do its best to play a central role in the reactor deal, he said the government has prepared to cope with all instances that could possibly make the North Koreans boycott the South Korean nuclear reactors.

"We have to see further what the real intentions are behind North Korea's boycott of the South Korean model," he said.

With regard to inter-Korean economic cooperation, he asserted that economic exchange would be a most effective way to link South and North Korea.

IPU Delegate Supports Position

SK3003030895 Seoul YONHAP in English 0117 GMT
30 Mar 95

[FBIS Transcribed Text] Seoul, March 30 (YONHAP)—Rep. Pak Chong-su, leader of the South Korean delegation at the general meeting of the Inter-Parliamentary Union (IPU), urged North Korea Thursday to accept South Korean standard-model light-water reactors.

Making a keynote speech at the meeting held in Madrid, Spain, Rep. Pak said, "I want to urge North Korea to accept the South Korean standard-model light-water reactors, as agreed to in Geneva."

He said that there is no better time than now for the North to earnestly adhere to the provisions of the Geneva agreement which calls for the early resumption of talks between the two Koreas.

"This will lead to increased exchanges and cooperation between the two sides and will help the economic difficulties of the North. This ambience of mutual trust and cooperation will contribute to realizing the reconciliation and peaceful coexistence of the two Koreas."

Pointing out that even though North Korea has not yet complied with a joint declaration for the denuclearization of the Korean peninsula announced three years ago, Rep. Pak said the Geneva agreement between North Korea and the United States is clearly a significant upturn in the efforts to denuclearize the peninsula.

"If nuclear power is to be used on the peninsula, it should be solely for peaceful purposes, and this must be positively guaranteed," he said.

He also added that early resumption of talks between the two sides is inevitable and urgent.

"To start, I would like to propose to the North Korean group that they immediately put into practice the exchange of visits between the two IPU groups, as agreed between myself and the leader of the North Korean delegation for the union's conference in Nicosia, Cyprus."

Reaction to DPRK Berlin Talks Proposals Noted
SK3003095595 Seoul YONHAP in English 0931 GMT 30 Mar 95

[By Hwang Tu-hyong]

[FBIS Transcribed Text] Seoul, March 30 (YONHAP)—The so-called "epoch-making" proposals made by North Korea during the Berlin nuclear talks are drawing mixed reactions.

The good news is that, unlike its prior outspoken opposition to the offer which would provide South Korean standard nuclear reactors under the Geneva nuclear agreement, North Korea actually showed its willingness not to put an end to the nuclear talks with the United States at the Berlin talks.

In an apparent effort to keep up the nuclear framework agreement with the United States, North Korea has hinted at the possibility of accepting South Korean-made light-water nuclear reactors when some conditions are met.

This is evidently a turn for the better of the nuclear talks in view of the fact that the North has repeatedly threatened to break its promise and resume operation of its nuclear facilities if the United States forces the North to accept South Korean light-water nuclear reactors.

U.S. State Department Deputy Spokeswoman Christine Shelly, when asked to comment on the outcome of the Berlin talks, said that it is "not entirely negative, nor is it particularly positive."

U.S. Secretary of State Warren Christopher also said that the North has made some proposals, during the experts' talks in Berlin, which the United States and its allies should examine closely.

South Korean Foreign Minister Kong No-myong also reported recently to the National Assembly's Foreign Affairs and National Unification Committee that the North has made some major concessions in the nuclear issue, according to informed sources.

The bad news is that South Korea and the United States are not ready to accept the conditions which they consider short of the expectations of both countries.

North Korea reportedly demanded that the United States provide them with light-water reactors made by

Combustion Engineering, a U.S. enterprise that provided technology for the construction of the Korean standard Ulchin Nos. 3 and 4 light-water reactors.

The North reportedly demanded that Combustion Engineering change the design of the Ulchin Nos. 3 and 4 reactors and guarantee their safety. In addition, the U.S. side was asked to provide over 1 billion dollars in financial assistance for the construction of its power transmission lines and other facilities necessary to operate the reactors, informed sources said.

North Korea seems to have offered the proposal in an attempt to alienate South Korea from the negotiation process. Pyongyang might be thinking that the United States may accept it under the judgement that ways can be found anyhow to have South Korea play a central role even under the situation that the reactors are built under the label of Combustion of the United States, the sources said.

However, South Korea cannot accept the offer because it thinks any modification to the design of the Ulchin reactors will alter them so they will no longer be South Korean standard reactors, according to Foreign Ministry officials.

There are also technical problems involved that must be considered if design changes are to be made to the Ulchin model reactors, said the officials. They noted that at the very least a few years will be necessary for the alterations to the design, notwithstanding the expense of the project.

The deadline set for the construction of the reactors will not be met if South Korea and the United States agree to change the reactors' design, according to the officials.

Pyongyang's demand for additional financial assistance cannot be accepted since South Korea and its allies have already promised to provide 4 billion U.S. dollars in financial assistance for the building of the reactors, plus approximately 500 million dollars worth of heavy fuel oil, said the officials.

As a result, some officials have analyzed the proposals made by the North as a tactic to scrap the nuclear deal while shifting responsibility for the deal's possible breakdown to South Korea.

"It appears that the proposals are attractive to the Americans and the North Koreans offered the proposals to estrange South Koreans from the Americans," said an official.

Vice Foreign Minister Yi Si-yong Thursday made it clear that South Korea will never accept any request from North Koreans to provide them with any other model reactor, other than the South Korean one, stressing there's no difference between South Korea and the United States on the issue.

Yi said that "The most important thing, at the moment, is to read the intentions of the North correctly, and we (South Korea, the U.S. and Japan) need to get together to that end."

At the moment, South Korea as well as the United States has both an opportunity and a risk regarding the North and the nuclear issue, Yi said.

ROK, Ruling Party Discuss Geneva Nuclear Pact

SK3003035395 Seoul YONHAP in English 0248 GMT 30 Mar 95

[FBIS Transcribed Text] Seoul, March 30 (YONHAP)—The government and the ruling Democratic Liberal Party (DLP) agreed Thursday to take punitive measures, including referral of the issue to the UN Security Council, against North Korea if it failed to implement the Geneva nuclear agreement.

The agreement was reached in a meeting held to discuss the outcome of the recent North Korea-U.S. experts meeting in Berlin on the model of light-water nuclear reactors to be provided to North Korea under the Geneva agreement, DLP Spokesman Pak Pom-chin said.

At the meeting, National Unification Minister Na Ung-pae and Foreign Minister Kong No-myong explained about the North Korea-U.S. Berlin reactor talks and Japan's move to resume normalization talks with North Korea.

The government and the DLP [Democratic Liberal Party] also agreed to continue cooperating closely with the United States, Japan and other allies in pressing North Korea to alter its attitude and take punitive measures against North Korea if it continued refusing South Korean light-water reactors.

Minister Na, stressing that the supply of South Korea's standard model reactors for North Korea's reactor project is the unchangeable government position, warned, "If we concede from this position, we would come to play in the hands of North Korea in all future negotiations."

Should North Korea discontinue the freeze on its nuclear facilities, it would face immediate punitive actions including United Nations Security Council action.

Foreign Minister Kong said the South Korean model is the one that cannot bear another name, adding, "This isn't an issue of name only, and we can't accept North Korea's stance against this model because hidden behind this stance is a political trick."

As for the diplomatic row regarding Japan's opposition to apologize for wrongdoings performed by Japanese during World War II, Kong said the Japanese Diet (parliament) would be likely to adopt a resolution reprimanding the Japanese soul for the past war and declaring a lasting peace.

DLP Chairman Yi Chun-ku, noting there were rumors that Washington and Pyongyang will make a compromise on the reactor model issue in June, said the government should make known to the people how the U.S.-North Korea nuclear negotiations are proceeding

and what role the government is playing in the negotiations in order to clear the people's suspicions that the U.S. Government will quietly back down in due time.

IAEA Urges North: Allow Continued Verification

SK3003022395 Seoul YONHAP in English 0145 GMT 30 Mar 95

[FBIS Transcribed Text] Berlin, March 30 (YONHAP)—The International Atomic Energy Agency (IAEA) has urged North Korea to allow IAEA experts to measure the plutonium contained in the spent fuel of the country's 5-megawatt nuclear reactor in Yongbyon.

Members of the IAEA Board of Governors, meeting in Vienna Wednesday, called for North Korea to continue cooperating with the agency's effort to verify the freeze on the North's nuclear activities and allow the IAEA to measure the plutonium levels contained in the spent fuel and liquid waste of the radio-chemistry laboratory.

The board members also asked the IAEA Director General Hans Blix to continue reporting on the progress of North Korea's nuclear freeze.

Meanwhile, U.S. Representative Nelson Sieverling indicated that his country would seek United Nations' sanctions against North Korea if it were to violate the nuclear freeze promise.

Sieverling emphasized the United States would have no choice but to initiate sanctions against the North, after consulting with other allied nations, if it were to operate the 5-megawatt nuclear reactor again.

As long as the North's nuclear freeze is maintained, the United States will continue to cooperate with all countries including North Korea and perform all the duties outlined in the the Geneva nuclear agreement reached between the United States and North Korea last October.

Court Rules on Compensation for U.S. Damages

SK3003071795 Seoul YONHAP in English 0628 GMT 30 Mar 95

[FBIS Transcribed Text] Seoul, March 30 (YONHAP)—The Seoul District Civil Court ruled Thursday that the state is accountable for compensating the damages caused by the U.S. military during exercises.

The court's decision came in a lawsuit filed against the state by a farmer who claimed that his crops were damaged when two U.S. Army helicopters landed in his fields in Kyonggi Province.

The court then ruled the state must compensate the farmer Cho Man-che, who lives in Pochon-kun, Kyonggi Province, 41 million won (approximately 53,000 U.S. dollars).

In a statement issued concerning the court's ruling, the court said the government should compensate the

farmer's losses in accordance with the Mutual Defense Treaty between South Korea and the United States, and that it is South Korea's responsibility to reimburse Cho for the damage caused by the two U.S. Army choppers when they landed in Cho's fields where they destroyed 70 percent of the farmer's young watermelon seedlings.

Cho filed the lawsuit in May 1993 when the U.S. Army choppers landed on his greenhouse, in which stored the seedlings, and stayed for 10 minutes before taking off destroying most of the seedlings in the 1,600 pyongs (one pyong equals approx. 3.3 square meters) of greenhouse.

North, Japanese Delegates 'Compromise' on Accord

SK3003031095 Seoul YONHAP in English 0249 GMT 30 Mar 95

[FBIS Transcribed Text] Tokyo, March 30 (YONHAP)—The ruling parties of Japan and North Korea agreed Thursday to resume talks on normalizing bilateral relations between the two nations.

The agreement came at a meeting between representatives of the North Korean Workers' Party and a delegation of the Japanese coalition parties in Pyongyang early Thursday morning.

In a meeting held Wednesday the two sides intensively negotiated on the wording used to describe the three-way agreement among Japan's Liberal Democratic and Social Democratic Parties and the North Korean Workers' (Communist) Party. The agreement made in Pyongyang in 1990 stipulates that Japan must compensate North Korea for the post-liberation losses it sustained after Japan's colonial rule.

Japan did not want to mention in detail the 1990 agreement in a joint statement to be adopted after their current talks, but North Korea insisted that it should be the basis for future normalization talks.

They reached a compromise in which the joint statement would read "the two countries, on the basis of the 1990 agreement, launched normalization talks and then suspended them."

North Korea is expected to use the joint statement to aid them in pressuring Japan to respect the 1990 agreement when the normalization talks, suspended since 1992, resume.

But Japan regards the agreement as merely a historical fact which has become invalid.

The Japanese ruling coalition's mission is to leave Pyongyang Thursday, ending a three-day visit there.

Reaction to Japan-DPRK Pact

OW3003045595 Tokyo ASAHI SHIMBUN in Japanese 29 Mar 95 Morning Edition p 2

[By correspondent Haru Hito]

[FBIS Translated Text] Seoul, 28 Mar—The stalled Japan-North Korea normalization talks are expected to resume in April, at the earliest, following a visit to Pyongyang by a Japanese delegation of three ruling parties, and Seoul is not hiding its shock. Seoul is deeply concerned that the resumption of the stalled normalization talks, at a time when negotiations with North Korea on assistance in its construction of light-water nuclear reactors have entered a difficult phase, could create a rift in the cooperative alliance of Japan, the United States, and South Korea, and serve North Korea's interests.

Shim Yun-Kyong, chief of the East Asia Division in the South Korean Foreign Ministry, who is in charge of Japan affairs, tried to avoid an emotional reaction to the resumption of the normalization talks between Japan and North Korea by saying, "We have anticipated that result."

His comment was pro forma. The Foreign Ministry bureau and department in charge of negotiations on the light-water reactors, the presidential office, and the ruling Democratic Liberal Party are strongly reacting against the deal struck between the delegation and North Korea, asking, "Why did they strike such a deal at the most difficult time for South Korea in dealing with the issue of light-water reactors?"

Kang In-tuk, director of the Far East Affairs Institute, asserted: "This is not the proper time for Japan to resume the stalled normalization talks with North Korea. The Japanese Government should resume the talks after the issue of light-water reactors is settled."

OECD Officials Predict Membership by May 1996

AU2903133295 Paris AFP in English 1254 GMT 29 Mar 95

[By Jan Kristiansen]

[FBIS Transcribed Text] Paris, March 29 (AFP)—South Korea formally applied for membership of the 25-nation Organization for Economic Cooperation and Development (OECD) here Wednesday, echoing its recognition of the trend towards "globalization" and growing economic interdependence among nations.

OECD officials predicted that the country—barring unforeseen snags—would be a full member by the time of next year's annual OECD ministerial meeting, scheduled for late May 1996.

Korea would be the second country "graduating" from the ranks of the developing nations to join, after Mexico, which became a member in May 1994.

Negotiating entry terms normally takes some nine to 12 months, and involves ascertaining whether and to what extent the candidate country is able to accept fair competition guidelines or "rules of the game" agreed through

the OECD for a number of areas ranging from capital movements and investment to export credits and development aid.

The Korean ambassador to France, Chang Sun-sop, handed the application to OECD Secretary General Jean-Claude Paye during a brief ceremony in front of the flags of present OECD members, in the lobby of a patrician Paris building that houses the organization's headquarters.

Paye told the ambassador the event was "important" for the OECD "and no doubt also for your country."

"You have one foot inside the house," he said, referring to Korea's participation for over two years in the work of five key OECD bodies.

"You are half a member already," Paye joked, as ambassador Chang smilingly concurred, before joining Paye for a talk in his office.

South Korea's President Kim Yong-sam foreshadowed the historic event during a visit to Paris at the beginning of this month during which he met the OECD chief.

Insiders said Kim told Paye at the time he hoped Korea would be a full member before Paye leaves his present post as the head of the OECD secretariat, on May 31 next year.

Korea has a fairly long record of participation in several aspects of the work of the Paris-based organization, which is the industrial nations' main clearing-house for mutual information about economic and social policies and a cornerstone of inter-governmental cooperation and policy coordination.

The OECD says this cooperation should be based on "shared values" with respect to pluralistic democracy, human rights and sustainable growth in an open market economy context.

Apart from taking part in the informal "dialogue" between the OECD and the dynamic Asian economies, launched in the late 1980s, Korea is already a full member of three key OECD panels—the steel, ship-building and science and technology committees.

It has also joined two of the OECD's affiliates, the Nuclear Energy Agency (NEA) and the OECD Development Center, which specializes in research on economic linkages between industrial and developing nations and analysis of all aspects of the development process.

An OECD report on the Korean economy last year noted that shipments to OECD countries account for more than 55 percent of Korea's total goods exports.

The study described the country's transformation from "a war-torn, poor underdeveloped country in the early 1950s to an important industrialized trading nation by the early 1990s" as "impressive."

But it also said that "the institutional and policy environment" underlying this performance "needs to be changed."

It welcomed the current five-year reform programme covering domestic and foreign trade and finance, but said it was "important to assure market participants at home and abroad that the reform process is irreversible" and that reforms will be completed on schedule or even advanced.

Its leading OECD partners, in particular the United States, are pressing Korea to further open up its markets, especially in the financial sector.

Korea, with a population of 44 million, would be the 10th-ranking industrial economy in the OECD, with a gross national product (GNP) of nearly 340 billion dollars in 1993.

Its annual per capita GNP is estimated at just over 9,800 dollars, on the basis of purchasing power parities (PPP)—a measure using international prices to value domestic output and income levels—roughly on a par with Portugal, and well ahead of Greece (just over \$8,300), Mexico (\$5,500) and Turkey (\$5,000), which are at the bottom of the OECD league.

DPRK Opens Economic Liaison Office in Guangzhou

SK3003121695 Seoul YONHAP in English 1137 GMT 30 Mar 95

[FBIS Transcribed Text] Hong Kong, March 30 (YONHAP)—North Korea's Committee for Promotion of External Economic Cooperation has opened a liaison office in Guangzhou of China to better induce Western capital to the Najin-Sonbong special economy zone, North Korean sources here said Thursday.

The liaison office, set up mere several days ago, has begun contacting South Korean, U.S., Chinese and Hong Kong businessmen as part of a capital inducement drive, the sources said.

The head of the liaison office is Yi Song-un, who had served in numerous European countries. His deputy is Kim Hi-pok.

"We have established a liaison office separate from our permanent trade mission in Guangzhou," Yi said. "Our duty will be to concentrate on inducing Western capital to the special economy zone."

The Committee for External Economic Cooperation will have additional liaison offices abroad, Yi said.

Kim, Colombia's Vice President Discuss Relations

SK3003055795 Seoul YONHAP in English 0512 GMT 30 Mar 95

[FBIS Transcribed Text] Seoul, March 30 (YONHAP)—President Kim Yong-sam received Colombian Vice President Humberto de la Calle Lonbana Thursday morning

to discuss ways the two nations could promote bilateral relations between the two nations.

Kim and Calle expressed satisfaction at the rapid expansion of cooperative bilateral relations and agreed to make further efforts to increase their mutual trade and investment projects in each other's countries, Chong-wadae [presidential offices] officials said.

Russia Delivers Helicopters To Help Repay Debts
SK3003021595 Seoul THE KOREA TIMES in English 30 Mar 95 p 1

[FBIS Transcribed Text] Russia yesterday delivered four helicopters to South Korea and resumed negotiations with it on repayment of its overdue debts of 1,480 million U.S. dollars.

Korea bought one of the four helicopters in cash and the other three copters were sent by Russia to Korea as payment in kind of its overdue debts, the Ministry of Finance and Economy announced yesterday.

The government said Russia will soon deliver additional three copters, priced at 2 million dollars each, to the Korean government so that they can be used to fight forest fires.

Chong Dok-ku, director general of the Ministry of Finance and Economy, said the arrival of the helicopters is a good indication that Russia is ready to pay its overdue debts and interest to Korea.

Under an agreement with Korea in September, 1994, Russia promised to deliver to Korea raw materials, helicopters and defense equipment to pay for 387.5 million dollars in overdue principal and interest on the 1.48 billion dollars in loan it borrowed from Korea in 1991.

Officials from the state-run Korea Development Bank and Export-Import Bank of Korea also left for Moscow yesterday to negotiate the terms and conditions of the Russian overdue debt and interest payment.

The ministry said it has sent an invitation to Russian officials to come to Korea next month to negotiate the repayment of the Korean loan extended to the former Soviet Union in 1991 by then President No Tae-u.

The No administration, under its northern diplomacy policy, committed 3 billion dollars, half of it in the form of cash, to the former Soviet Union in 1991. Korean banks, including the state-run Korea Development Bank, put together 1 billion dollars in cash to lend to the former Soviet Union. The Export-Import Bank of Korea lent 480 million dollars to the country so that it could buy Korean consumer goods. Seoul then suspended the remaining batch of loans in December, 1991 upon the collapse of the Soviet Union.

The Russian federation took over the former Soviet Union's debts, and from 1992 through last year both

countries negotiated on several occasions but the Russian agreement has not been honored due to internal problems such as collapse of the ruble, Russian invasion of Chechnya and emergence of conservatives in Russian politics, the ministry said.

Economic Institute Forecasts Increase in Exports
SK3003101095 Seoul YONHAP in English 0739 GMT 30 Mar 95

[FBIS Transcribed Text] Seoul, March 30 (YONHAP)—South Korea's exports of electronic parts this year will spiral by a whopping 33 percent over last year to reach 23.7 billion U.S. dollars, according to the Korea Institute for Industrial Economics and Trade (KIET).

The year's exports of automobiles are expected to jump by 27 percent above last year to 6.6 billion dollars, and those of general machines by 26 percent up to 6.5 billion dollars.

According to the "1995 Economic Prospects," published by the KIET Thursday, the nation's overall exports are anticipated to increase by 15.1 percent over last year's to reach 110.5 billion dollars, while imports are to rise by 13.9 percent to 116.5 billion dollars.

The government think tank attributes the projected drastic increase in the country's exports to continue due to an economic boom in both developed and developing countries and favorable economic situations at home, and propped up by hiked investments in industrial facilities.

Compared to the unusual economic boom last year, however, the KIET forecast that most industries will grow somewhat slower this year.

The research institute estimated that the country will enjoy an economic growth of 7.6 percent over 1994, sustain a current account deficit of 3.8 billion dollars, and see a 5.3 percent hike in consumer prices.

On exchange rates, the KIET foretold that the currently weakening American dollar will eventually fall to 90 Japanese yen and 740 Korean won towards the end of the year.

As far as exports by industry, the think tank further said that the exports of petrochemical products will increase by 13 percent to reach 2.1 billion dollars, those of electric home appliances by 11.9 percent to 8 billion dollars, and those of industrial-use electronics by 11.8 percent to 6.1 billion dollars.

The exports of shipping will rise by 7.4 percent to reach 4.8 billion dollars, those of textiles by 7.1 percent to 18.5 billion dollars, and those of iron and steel by 4.7 percent to 5.9 billion dollars, according to the KIET.

However, the exports of footwear will decline by 15.7 percent below last year to reach 1.5 billion dollars, the KIET said.

Leading Labor Unions Issue Joint Declaration*SK3003102795 Seoul YONHAP in English 0844 GMT
30 Mar 95*

[FBIS Transcribed Text] Seoul, March 30 (YONHAP)—South Korea's leading labor management organizations pledged to concert their efforts at industrial peace in a joint declaration issued Thursday.

The declaration signed by the Federation of Korean Trade Unions (FKTU) President Pak Chong-kun and the Korean Employers' Federation (KEF) President Yi Tong-chan set forth seven goals of labor-management cooperation for this year.

They are early conclusion of collective bargaining on wage increases, narrowed wage gaps between large and small businesses, and between white and blue collar workers, increased productivity, improved quality of life for workers, an end to unfair labor practices, illegal union activities, increased labor-management dialogue, enhanced job security through expanded job training programs, and improved labor-management relations on the basis of mutual trust.

FKTU President Pak said he agreed with KEF President Yi to issue the joint declaration hoping to prevent confusion and inefficiency in collective bargaining measures held at companies and other workplaces, inasmuch as the FKTU and the KEF failed to agree on wage raise guidelines for this year, unlike in the previous two years.

United Liberal Democrats Party Inaugurated*SK3003121395 Seoul YONHAP in English 0910 GMT
30 Mar 95*

[FBIS Transcribed Text] Seoul, March 30 (YONHAP)—A new political party led by former ruling party Chairman Kim Chong-pil was formally inaugurated on Thursday.

"The United Liberal Democrats" held a rally for the inauguration at a gymnasium in downtown Seoul and elected Kim as its president.

At the inauguration they adopted a party constitution which stipulates the party is to push for a parliamentary cabinet system.

Earlier this year, Kim resigned from the ruling Democratic Liberal Party along with his fellow lawmakers after the party decided to reorganize the leadership system.

Kim designated Pak Chun-kyu, chairman of the preparatory committee responsible for the party's founding, as supreme advisor and nominated six vice presidents—Reps. Kim Yong-hwan, Ku Cha-chun and Choe Kak-kyu, former legislators Chong Sok-mo, Kim Yong-chae, and Kim Kyong-o, honorary chairman of the Korean National Council of Women.

Party President Kim Chong-pil said in his inaugural address, "We will focus our party's strength on realizing

the parliamentary cabinet system. If necessary, we'll study ways to establish a united front with all the powers resisting the absolute power."

A declaration by the United Liberal Democrats said that it will open a new horizon through a creative merger of conservatism and progressivism.

The new party plans to nominate candidates running for local elections slated for June 27.

Korea Telecom To Launch Trial Satellite System*SK3003021795 Seoul THE KOREA HERALD in
English 30 Mar 95 p 8*

[Report by Yu Chong-mo]

[FBIS Transcribed Text] An advanced mobile satellite communications system, designed to accurately track vehicle locations anywhere on the earth, will be introduced here later this year.

Korea Telecom (KT) announced yesterday that it will launch a trial global positioning system (GPS) service by the year's end, using a network of GPS satellites.

The GPS, comprising 24 satellites circling the earth at an altitude of 20,000 km, provides real-time information as to the location of all field-service vehicles.

Developed by U.S. Defense Department for military operations several decades ago, the GPS is now widely used for commercial purposes.

When GPS service was first introduced to U.S. transportation industry in the late 1980s, the impact was nothing short of "revolutionary," KT officials say.

The commercial GPS consists of a data satellite, ranger satellite, ground network management center (GNMC), a host work station at a fleet dispatch office, and a mobile communication terminal (MCT) installed aboard vehicles.

KT plans to offer the nation's first GPS service by linking GPS satellites with Koreasat, also called Mugunghwa Satellite, set to blast off from Kennedy Space Center in July.

KT is to construct a GNMC at its earth satellite station in Songsu-tong, eastern Seoul, at a cost of 1.9 billion won (\$2.37 million).

The timing information from two different satellites is measured and relayed back to KT's GNMC.

There, topographical information is factored into an equation that pinpoints the vehicle's position to within 300 meters.

Latitude and longitude, along with proximity information, such as the nearest city and nearest large city, is then sent to the customer's work station where it can be displayed in text or graphic format.

"KT's commercial GPS service is scheduled to kick off in the second half of next year," said Kim Mun-su, director of KT Transmission System & Technology Department.

"Express bus companies, shipping companies, and petroleum and LPG transporters, Korea National Railroad (KNR) as well as the nation's 47,500-odd trucking companies are GPS' potential customers," Kim said.

Korea Express Co. has already expressed willingness to use the GPS service, he added.

Kim said GPS has a wide range of applications, in addition to the position reporting function.

Government officials can monitor river water level and degree of environmental pollution in a specific area by using satellite buoyancy gauge system or toxic gas detector.

Rainfall and wind speed, too, can be correctly measured through the GPS.

Using both GPS and a vehicle's onboard sensors, maintenance crews can conveniently obtain data on vehicle's actual mechanical conditions.

KT plans to introduce "Omnitracs Fleet Management System," a GPS terminal and equipment manufactured by Qualcomm Corp. of the United States, for its trial GPS service.

Communications hardware for the GPS includes a portable keyboard, a communications terminal housing the electronics, and a continuous tracking antenna in a sealed dome.

A set of the three GPS field gears, made by Qualcomm, retails for about 4 million won (\$5,000).

"KT will lease the GPS service equipment to domestic customers at a price of 200,000 to 300,000 won a month per unit," Kim said.

"GPS is a positioning reporting system that links every vehicle in a fleet to the dispatch center. With data available at the touch of a button, vehicle dispatchers can better respond to drivers' needs," he said.

For instance, a trucking company dispatcher can instruct the drivers to detour a specific road or area, in case of severe traffic jam, said Kim, adding that information on the road conditions nationwide is also available through GPS.

Actual route and travel time can be tracked per vehicle, along with the traveling speed.

At dispatch sites, all vehicle positions can be viewed on the operations terminal.

"GPS will contribute to saving resources and solving the chronic shortage of social infrastructure facilities," Kim said.

In fact, Japanese trucking companies cut their vehicle operational and labor costs by about 17 percent through the GPS.

Pagers, cellular phones, facsimiles and mobile radios only send data. But the GPS, which adopts a two-way mobile data transmission mode, provides users with information for mobile messaging, positioning reporting with maps, work order status as well as productivity standards, Kim said.

GPS eliminates both the inefficiencies and inconveniences of hunting for a pay phone and needless driving time.

Increase in Foreign Tourist Visits Reported

*SK3003120295 Seoul YONHAP in English 0933 GMT
30 Mar 95*

[FBIS Transcribed Text] Seoul, March 30 (YONHAP)—A total of 273,000 foreign tourists arrived in South Korea in February this year, a 4.7 percent increase from the same month last year, the Ministry of Culture and Sports said Thursday.

The nation's income in the tourism sector in the month amounted to 380 million U.S. dollars against an expenditure by its 275,000 overseas travellers of 474 million dollars, which means a deficit of 93 million dollars.

The figures brought the total deficit in the sector over the first two months of this year to 297 million dollars, up 66 million dollars from the corresponding period of last year.

Burma**Nyunt Swe on Progress of SLORC-Karen Talks***BK3003040995 Bangkok THE NATION in English 30 Mar 95 p A2*

[FBIS Transcribed Text] The Burmese government is currently holding low level discussions with the Karen National Union (KNU), Burmese Deputy Foreign Minister U Nyunt Swe said in Bangkok yesterday.

He told reporters after a meeting with Foreign Minister Krasae Chanawong at the ministry that his government was still waiting to see what progress could be made.

U Nyunt Swe said progress would be made in the talks between Burma's State Law and Order Restoration Council (Slorc) and the ethnic guerrillas.

Talks began, between low-level officials, following last week's announcement by the KNU Defence Minister Gen Bo Mya for his troops to cease military operations against the Burmese army in an attempt to test Slorc's reaction to whether both sides could enter a peace dialogue.

U Nyunt Swe said that the Burmese government had offered the same dialogue to all groups resisting Slorc's authority.

"It is going well and, so far, we are talking to 14 groups. Only one or two are still holding out. We are following the same line with these last few. Everything will work out," he said.

He said if politics could be left out, peace was achievable. "If we do not play political games, I think they (the ethnic groups) will listen," U Nyunt Swe said.

U Nyunt Swe turned down Thailand's offer to mediate between the Slorc and the KNU, saying Burma has its own peace plan.

"We have our own programme to solve our own problems. If we need help from others we will ask for it. We can solve our problems our way," he said.

Prime Minister Chuan Likphai had earlier said that Thailand was ready to mediate between the Slorc and the KNU to bring peace to the area.

Krasae said that he believed the only way to solve the problem was through development. He said that Thailand's policy was more in favour of the Burmese government. He believed that the development and well-being of the people would eventually lead to democracy, and the human rights issue would have to be sorted out.

He said that relations between Thailand and Burma were good and he did not want Burma's internal problems to upset this friendship.

Thailand would cooperate with a Slorc request to help depose drug warlord Khun Sa. Krasae said that the drug

trade was an international issue and not just a problem for the Burmese government.

He said that with respect to extraditing Burmese accused of criminal activities, Thailand's legal system would try them. "If they are found guilty, they would be sent back," Krasae said.

U Nyunt Swe co-chairs a two-day meeting on the second Thai-Burmese Joint Boundary Committee, with Deputy Foreign Minister Surin Phitsuwan. The meeting, which ends today, was held in Bangkok.

Imprisonment of Dissident Suu Kyi May End**July Release Possible***OW2803145295 Tokyo KYODO in English 1428 GMT 28 Mar 95*

[FBIS Transcribed Text] Yangon [Rangoon], March 28 KYODO—Myanmar's [Burma's] leading dissident Aung San Suu Kyi could be released in July after six years of house arrest, a senior military government official said Tuesday [28 March].

Col. Kyaw Win, deputy chief of intelligence, told a press conference in Yangon that the military authorities will proceed toward her release according to a law which stipulates a maximum term of six years for this type of detention.

Suu Kyi, leader of the National League for Democracy (NLD), has been detained since July 20, 1989, under the Security Law for allegedly inciting unrest against the government.

Kyaw Win also said the Nobel Peace Prize winner's release depends on her policy toward the military government as well as the political situation, though there was no plan to detain her indefinitely.

"When there is no security problem, she will be released like former NLD Chairman U Tin Oo and NLD Spokesman U Kyi Maung," he added.

Tin Oo, a former defense minister and the NLD chairman, was released March 15 together with 30 other political prisoners.

The NLD won a landslide victory in the 1990 general elections but the junta refused to accept the poll results.

On the resumption of dialogue between Suu Kyi and the State Law and Order Restoration Council (SLORC), Kyaw Win said, "If she requests a meeting, SLORC leaders will meet at an appropriate time. So far there has been no request from her."

Suu Kyi and SLORC leaders met twice last year, but there have been no further talks since their last meeting Oct. 28.

'Conditions' for Release Noted

*BK2903161595 Melbourne Radio Australia in English
0630 GMT 29 Mar 95*

[From the "International Report" program—passages in italics in Burmese with superimposed English translation]

[FBIS Transcribed Text] Burma's military junta has acknowledged that pro-democracy leader Aung San Suu Kyi's legal detention expires this July. The regime says the world's best known political prisoner will be released according to the law. But Evan Williams reports from Rangoon that senior regime officials privately stressed the political impact of her release is the most important factor, and that depends on what conditions she accepts:

[Begin recording] [Williams] Burma's military rulers insist they will not hold the world's best known political prisoner forever.

[Kyaw Win] *With regards to Daw Aung San Suu Kyi, it is not the intention of the Myanmar [Burmese] Government to restrain her permanently.*

[Williams] In a rare briefing, the deputy director of Burma's all powerful military intelligence unit, Colonel Kyaw Win, says she will be released according to law. When pressed if that means Suu Kyi will be released by July, he admits that's when her legal detention expires.

[Kyaw Win] *My understanding of the situation is the same as yours; that is to say that she will be released in accordance with what is stipulated in the law.*

[Williams] But senior officials in the regime stressed the political impact of Suu Kyi's release is far more important for the regime's decision than law alone. They want to ensure that if she is released, she does not spark unrest by again leading the charge against military rule. At least until the military has its new constitution or even government in place. To do that, she must, in their view, accept certain preconditions. They are ready to talk but, it seems, on their terms.

[Kyaw Win] *Any time she wishes to have talks a request can be made and the position of the government has not changed with regards to what conditions there be in these discussions.*

[Williams] Col. Kyaw Win says there are no current talks between Suu Kyi and the regime. He says after twice meeting Suu Kyi the regime now feels it is up to her to agree to its conditions for any future talks on her release.

[Kyaw Win] *That is why, if she so desires, she should first make her intention known to have these discussions and later, subsequently, then she can state the reasons for those discussions. I think first she should indicate that she wishes to have this occasion for a dialogue.*

[Williams] But revealing the division between the two sides that refused to comprise, Suu Kyi recently issued a statement saying she would forge no secret deal with the

generals, calling instead for talks with her pro-democracy colleagues. The two most important leaders of her party have just been released after almost five years in jail, but there is no sign yet they will be able to meet Suu Kyi. The military says it did not release them because of international pressure but according to its own plan and it will do the same with Suu Kyi.

United States and Australia threatened a push for tough international action if Suu Kyi is not released by July. But as deadlines pass, that could leave them isolated and ineffective in Burma. Japan insists critical dialogue with the regime is better. There is no doubt the regime would like to release her by July if only to avoid such headaches. But many Rangoon-based diplomats say while the regime is sensitive to criticism from the international community, its primary motivation is internal stability and control. Some local observers go further, saying with the Army so confidently in control now Suu Kyi should meet the military halfway if only to break the impasse blocking Burma's real recovery. [end recording]

Brunei, Malaysia & Singapore

Malaysia

Mahathir Urges Singapore-Manila Resolution

*BK2903131495 Kuala Lumpur RTM Television
Network 1 in Malay 1200 GMT 28 Mar 95*

[FBIS Translated Text] Prime Minister Datuk Sri Dr. Mahathir Mohamed has expressed his confidence that the diplomatic crisis between Singapore and the Philippines, which began following the execution of a Philippine maid, will not affect cooperation among ASEAN member countries. He suggested that the two countries should resolve the issue in the spirit of ASEAN:

[Begin Mahathir recording, in English] In the ASEAN spirit we should try to resolve this issue. I do not think we should allow an issue like this to sour relationship. The ASEAN setup is sufficient for all kinds of getting together and discussing. Well, if allowed to go, of course it might spoil relationship between one ASEAN country and another. But on the whole, I do not think it will affect ASEAN. [end recording]

Minister on Japan's 'Illogical' ASEAN Request

*BK3003022395 Kuala Lumpur UTUSAN MALAYSIA
in Malay 29 Mar 95 p 13*

[FBIS Translated Text] Kuala Lumpur, 28 Mar—International Trade and Industry Minister Datuk Sri Rafidah Aziz said today there was no reason to include Australia and New Zealand in the meeting between ASEAN member countries and China, South Korea and Japan in line with the "6+3" format.

The question to include the two countries currently does not arise because the "6+3" meeting is a follow-up to the discussion held by the group's foreign ministers at the ASEAN Ministers Meeting.

Rafidah said that she did not understand why Japan asked the ASEAN to include Australia and New Zealand in the "6+3" meeting after the ASEAN Economic Ministers Meeting [AEM] scheduled to be held in Phuket, Thailand, next month.

She said this when asked to comment on a report that purportedly stated that Tokyo had asked that Australia and New Zealand be allowed to participate in the "6+3" meeting and she was assured that the AEM meeting will not discuss the issue of the East Asia Economic Caucus (EAEC).

Rafidah considered Japan's request to be illogical because while wanting Australia and New Zealand to be included in the "6+3" meeting, Japan opted to disregard Vietnam, which is a more appropriate choice as it will soon become an ASEAN member.

She said: "I have written a letter to my Japanese counterpart (Japanese International Trade and Industry Minister) for an explanation regarding the "6+3" meeting, which is an arena for ASEAN to discuss economic issues with China, South Korea and Japan."

She also said it was unquestionable that whatever Japan said regarding its stand on the "6+3" meeting would have an impact on Malaysia's interests during its participation in the upcoming informal Osaka meeting of the Asia Pacific Economic Cooperation (APEC) leaders.

Japan's reluctance to include the issue of the EAEC in its agenda for the AEM meeting was believed to be connected with its role as the host to the APEC meeting in Osaka in November. Japan was said to be reluctant to meet face to face with the APEC members who had not been invited to join the proposed EAEC, such as the United States, New Zealand, Australia, and Canada.

ASEAN considers its three dialogue partners as important friends of the grouping. According to Rafidah, the EAEC is not under the APEC's special custody because the issues discussed in East Asia are connected with the Asia-Pacific and vice versa.

Minister Concerned Over Sale of Skyhawk Aircraft

BK3003023995 Kuala Lumpur BERITA HARIAN in Malay 29 Mar 95 p 2

[FBIS Translated Text] Kuantan, Tuesday—The minister of defense, Datuk Sri Najib Tun Razak, is wondering why the U.S. Government has not made any decision regarding Malaysia's intention to sell the 35 A-4 Skyhawk aircraft now left parked in the desert of Arizona.

He said that Malaysia has not received permission from the U.S. Congress to sell the aircraft to a third party.

"The tender for the sale of the aircraft was issued a year ago, but as long as the U.S. Congress has not issued a permit, we still cannot sell them," he said.

Najib was speaking to newsmen in Kuala Lumpur today after he presented national awards to more than 542 ex-servicemen in recognition of their services in the UN peacekeeping force in Congo in 1960.

Apart from receiving the award, the ex-servicemen were given 500 ringgit cash each.

Najib said that his ministry had contacted the U.S. Government through its embassy in Kuala Lumpur about Malaysia's request to sell the aircraft, but no answer had yet been received.

"I am wondering why it has taken the U.S. Government such a long time to decide on our request. Except for certain component parts, the aircraft are no longer serviceable," he said.

Najib said in June last year, a company from the United States expressed interest in purchasing the aircraft at RM [Malaysian ringgit] 700,000 each through its subsidiary firm in Brunei.

Since the Royal Malaysian Air Force (TUDM) began using the Skyhawk in the beginning of 1985, up to 1993 nine aircraft had crashed.

As of July last year, due to this and several other problems, the TUDM stopped using the U.S.-made jet fighters.

As a replacement, the Skyhawk squadron of the TUDM acquired the two-seater Hawk and the one-seater Hawk 200 jet fighters.

Cambodia

King Says No Trace of Cancer, To Return Next Week

BK3003061795 Phnom Penh National Radio of Cambodia Network in Cambodian 0500 GMT 30 Mar 95

[FBIS Translated Text] His Majesty the King said in a message dated 28 March and addressed to Samdech Chea Sim that doctors in Beijing did not find any trace of his cancer in a preliminary medical examination.

Prince Norodom Sirivut, who accompanied the king and the queen, said that at present, the king seems to enjoy good health; his thinking is clear. Prince Norodom Sirivut also said that [words indistinct] doctors is very optimistic about the king's health.

His Majesty the King plans to return to Phnom Penh on 4 or 5 April.

RCAF Poised To Attack Pailin 'Next Month'

BK2903154695 Phnom Penh PHNOM PENH POST in English 24 Mar-6 Apr 95 p 9

[Report by Ruos Sokhet]

[FBIS Transcribed Text] Government troops are building up positions near the Khmer Rouge [KR] nominal capital of Pailin, poised to launch a major attack on it in the next month or two, according to senior military staff.

"We are launching a long-term offensive against Pailin... and we expect to capture it by mid-April," Battambang military commander General Hem Han said.

Thousands of RCAF [Royal Cambodian Armed Forces] soldiers, supported by used T55 tanks from Eastern Europe recently purchased by Cambodia were being prepared for the assault.

Lieutenant General Nhoek BunChhai, deputy chief of general staff, said three key RCAF positions had been established. A regional command headquarters had been set up at Nimit, about 60km from Pailin, where more than 3,000 troops and seven tanks were stationed. The other RCAF camps were at Treng, 35km east of Pailin along Route 10, and at the recently captured KR base of Kla Ngoap, 4km from the Thai border.

Gen. Hem Han said about 2,000 troops were deployed in Treng, where an RCAF engineering corps were clearing mines. A further 1,000 soldiers and four tanks were at Kla Ngoap, a KR observation post captured on March 17.

From Kla Ngoap, the RCAF was able to monitor the larger KR base of Phnum Malai, where KR chief Ieng Sary is said to have a house.

Gen. Ham said Phnum Malai would be attacked before any assault was launched on Pailin. "This is our new tactics... we will clear all Khmer Rouge bases around Pailin first and then we move towards Pailin later," he said. RCAF troops seized the town of Pailin on March 19 last year, only to see it fall back into guerrilla hands a month later on April 19.

Ranariddh: KR Reduced 'Almost to Nothing'

BK2903143295 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 29 Mar 95

[Speech by Prince Norodom Ranariddh, first prime minister of the Royal Government of Cambodia, at a ceremony in Kaoh Toch Commune, Kampot District, Kampot Province on 27 March—recorded]

[FBIS Translated Excerpt] [Passage omitted] I am sure all of you who once lived under Sangkum Reas Niyum know very well that our Samdech Euv has returned to Cambodia and that he has ascended the throne and become king again. I would like to inform you that he has just left for China, but his absence will be not long. After the Chinese doctors complete his medical checkup in two to three days, four days at the most, he will return to the Kingdom of Cambodia to continue providing a cool shade for us all as in the glorious time of Sangkum Reas Niyum. Our king's return to and presence in the

kingdom fill all of us with the great confidence that we will have peace, security, prosperity, and glory as in the time of Sangkum Reas Niyum. [applause]

Now I would like to deal with the second topic, that is, ICORC [International Conference on the Reconstruction of Cambodia]. In the Royal Government, I and Second Prime Minister Samdech Hun Sen together with all of our other noble leaders have made unstinted efforts to develop the country. In particular, to succeed in national development we must have security and peace. Just now, the commune head mentioned the Pol Pot era in his speech, describing how Pol Pot mistreated and murdered his own nation. To make a long story short, let me tell you that after we embarked on the open-door policy, that is, the policy of national union and reconciliation, Pol Pot himself remains opposed to his own nation.

In the past, he claimed that he was fighting to liberate the country from the Vietnamese and so on. But now that we already have the Royal Government, the National Assembly, the Kingdom of Cambodia, the Constitution, and even a king on the throne, he still continues to fight, causing untold misery and suffering to our Cambodian people. In Kampot, for example, before we solved the Phnum Voar problem there were small groups of guerrillas roaming in and around Phnum Voar making life utterly difficult for the populace. Now, thanks to the correct policy of the Royal Government, more and more men from the Pol Pot side, especially those in the Phnum Voar area, have agreed to return to the national fold. As many as 6,000 of them have now crossed over, bringing security and peace to the people, especially those in Kampot Province. Allow me to tell you that throughout the Kingdom of Cambodia, the Pol Pot group has been reduced almost to nothing. In 1994 alone, more than 6,000 of its men returned to the national fold, joining the Royal Government to give our nation peace and security, and thereby enabling all of us to engage in national development. Only a tiny group remains active in Battambang Province. Besides, we can conclude that the once-acclaimed Pol Pot faction has now become a mere band of brigands. When they brag that they are fighting Vietnamese they actually mean they are burning the homes, schools, and hospitals of Cambodians. As a result, the Cambodian people and those living with Pol Pot see the real situation now. More and more have defected and joined the Royal Government. This inspires us with the hope to secure peace, security, and national development. That is the piece of good news I would like to bring to all of you here.

Moreover, I also would like to inform you that in the past few days Samdech Prime Minister Hun Sen and myself headed a high-ranking delegation to Paris. Those of you with radio receivers have surely heard about it, but maybe not for those without one. I therefore would like to inform you that we went to Paris to attend a conference to drum up financial support for our nation's reconstruction. I would like to make it brief because it

has become increasing hot for those of you standing in the sun and I also have to continue my journey to other places. So I would like to tell you that the international community at this conference has decided to continue helping the Royal Government in 1995, in 1996, and maybe also in 1997 and 1998. How will it help us? Not only will it just give us money, but they it help us build roads, bridges, schools, and hospitals and will help us in the restoration of agriculture.

You can see those heaps of dirt and rock on the road-sides. National Route 3, for example, was full of large potholes. Now these potholes are being filled up. You can go and take a look, the reconstruction is underway. These things will greatly help our national development efforts. The head of the commune just talked about production, but if we do not have roads the produce will go to waste. How can we sell the produce without a road to go to the market? So, we will become lazy and see no need to increase production. We will just grow enough rice to eat, as we will not be able to sell any surplus.

Therefore, national development needs good roads. When I said we had scored a success in Paris, you would not see that success without looking at the roads under repair or construction. [passage omitted]

Rangsi Issues 'Note' on Development Assistance

*BK3003084195 (Internet) SEASIA Listserv in English
1321 GMT 28 Mar 95*

["Note prepared by Sam Rangsi," member of National Assembly and former finance minister, for the International Conference on the Reconstruction of Cambodia, ICORC, held in Paris, France 14-15 March: "A Condition for Further International Assistance Should Be Greater Transparency in Public Decision-Making"]

[FBIS Transcribed Text] In the last few months, the Royal Government of Cambodia (RGC) has signed a number of contracts with foreign (particularly Malaysian) private companies in circumstances which are, to say the least, dubious: a complete lack of transparency in the process of negotiation and conclusion of the contracts a failure to respect normal procedures within the Government itself, in that certain Ministers have been by-passed in their respective areas of competence by the Council for the Development of Cambodia (CDC), which, more than six months since its formal creation (by the adoption by the National Assembly, on 4 August 1994, of the investment Law) still has no implementing decree to specify its *modus operandi*, no parliamentary debate despite the fact that, according question (particularly those relating to financial commitments of the State) require formal approval by the National Assembly the fact that even the Ministers directly concerned have no access to the contracts whose content is kept secret by their signatories, who are probably the officials of the CDC and/or the two Prime Ministers themselves, the fact that questions about the contracts submitted in writing to the Government by parliamentary Deputies

have evoked response whatsoever, in violation of a constitutional provision that the Government must respond within seven days to all questions from Deputies, admission by the First Prime Minister himself that official "gifts" or "commissions" or "tips" had been paid by the private companies in cash (US\$10.8 million for just one large contract) or in kind (a Fokker 28 airplane to the value of US\$6 million for a smaller contract)-, suspicion that unofficial "tips" have also been paid, failure to respect the most fundamental rules of tender for public contracts" no clear laws or regulations as regards the principles and procedures of privatization, the arbitrary concession of a public monopoly to a private limited company, no clear procedures for the valuation of assets sold or leased, the granting of secret forest concessions on terms alarming both for the environment and for the state finances, guarantees granted rashly by the State and which may in time become a serious financial burden to the nation, agreement by the RGC to contractual clauses limiting national sovereignty in a fashion contrary to the Constitution. [sentence as received] Several other breaches of the Constitution regarding the protection of natural resources, the management and use of State assets as well as respect for basic rules of public Finance, and numerous one-sided provisions in the contracts which would normally render them null and void.

These dubious contracts are seriously harmful to the country, the administration of which has become more chaotic and less transparent. Because of this, it becomes more difficult to evaluate Cambodia's real needs for international aid and it becomes more and more difficult to use such aid effectively.

I. Violations of the Country's Laws [as received]

When political leaders violate the laws of their own country by signing dubious contracts, they send to the world a message of lawlessness. A country with such an image will be unable to attract serious and honest investors, who need a reliable legal framework applying to all. Only dubious investors will agree to forgo laws and regulations and are ready to take advantage of a confused situation by resorting to bribery. Cambodia needs to complete and strengthen its legal and institutional framework which has only just been developed, with difficulty, since the elections of May 1993. This is a condition *sine qua non* for the real and balanced development which the international community wishes for our country. To mock the few laws existing and the legal framework so precious because still so fragile, amounts to behavior of the utmost irresponsibility.

In the space of a few years Cambodia has passed from hard-line communism to a primitive capitalism which lacks any sort of legal framework. It is precisely such a framework which differentiates a market economy from a jungle economy.

II. The Institutionalization of Corruption and the Negation of the State

Dubious contracts, dubious through their lack of transparency and their one-sidedness, inevitably lead to suspicions of corruption. The country's highest leaders speak openly of "gifts" or "commissions" or "tips" paid by private companies but they hasten to add the qualifier "legal" because the amounts in question are "mentioned in the contracts" and "Included in the State budget." But, up to today, these two conditions have still not yet been verified for any of the contracts signed, even though the First Prime Minister has spoken of several "tips", of which the most important, paid or to be paid by the Malaysian company ARISTON, amounts to US\$ 10.8 million. Yet the main problem with such "tips" is that they can take one of two forms, either "above the table" or "under the table" Indeed, there is no rule to say that "above the table" or "under the table" cannot go hand-in-hand.

Why would it not be much simpler for a private company, rather than offering such a "tip" to someone, to simply deduct the cash-equivalent from the price of products or services which they sell to the State. Transparency and morality would gain enormously, so too the public interest. In any case, in Cambodia the authorities appeal much to the generosity of private companies. On 23 December, 1994, during a public meeting in Phnom Penh gathering together more than 500 leading figures (ministers, MPs, provincial governors, military officers, etc.) of his party, the First Prime Minister was happy to announce that he had collected in one year nearly US\$ 1.5 million in "donations" from private companies intended for the beautification of the capital. He urged all political and administrative leaders, particularly provincial governors, to follow his example, that is to say, to go "begging" to businessmen in order to find the necessary funds to fulfill their tasks, because "the State is very poor and does not have the financial means to carry out all its work". In a statement published in the press (Reaksmei Kampuchea on 26 November 1994) the First Prime Minister was still more specific in his idea of the State when he asserted that, thanks to "tips" linked to several large contracts signed with certain private companies, "it will no longer be necessary to collect taxes from other companies or businessmen operating in Cambodia" because, in any case, the total amount of taxes collected hitherto is very small compared to the "commissions" which Cambodia will receive.

Public begging as a means of collecting revenue for the State should raise, all the same, a number of questions in the mind of reasonable leaders:

—Might it not encourage corruption in that the recipient may be tempted not to devote all of the charity received to satisfying public needs and instead may keep part of it for satisfying his or tier [as received] personal needs." The businessman who makes such a "donation" to a political figure, will he not feel freed from his legal obligations and refuse to pay his taxes, arguing that he has "already given" and "to a higher level"?

—Would it not be better, in the collective interest and to avoid arbitrariness, for all citizens to be treated on an equal footing before the law and to discharge their legal and fiscal obligations according to the same tax scales and procedures for all?

The ideas of the First Prime Minister in the field of public finance appear naive and dangerous. They would amount to a negation of the State. A ramshackle State not even respecting its own laws would constitute an insurmountable handicap for the country's development. The international community, in wishing to help Cambodia to get back on her feet, must show itself more critical of such ideas which must be corrected urgently.

III. Disruption of Competition

When laws and regulations are not respected and when corruption tends to become institutionalized in the system of government, bad companies end up driving out the good. Those who agree to pay their taxes and to respect all legal provisions are unable to withstand the unfair competition of others. The result is that the industrial and commercial fabric of the country will grow weaker, limiting economic development.

As it is not the companies who are most efficient technically or economically which win public contracts and gain market shares, it is the country as a whole which, at the end of the day, pays -the cost- through more expensive and lower-quality goods and services. Examples of such disruption to free and fair competition include the followings

—The French company INTERNATIONALE DES JEUX ousted by a Malaysian company, THE CAMBODIAN LOTTERY CORPORATION (despite its reputation being tarnished by irregularities discovered by UNTAC [United Nations Transitional Authority in Cambodia] prior to the May 1993 elections) for the contract to create a national lottery, the French company DUMEZ-GTM ousted (temporarily?) by the Malaysian furniture-manufacturer (1) MUHIBBAH-MASTERON for the contract to extend and renovate the Phnom Penh air-port, the American hotel company HYATT ousted by a small Malaysian company ARISTON for the contract to construct a tourism complex in Sihanoukville.

Competition is all the more undermined by those companies operating- permanently oil the margins of legality and directed by dubious individuals who have gained pride of place thanks to their political connections. [sentence as received] It is these companies, these individuals, these connections which have brought about the notion of a Mafioso State. Thus, probably the richest and most influential man in Cambodia, Mr. THENG BUN MA, is at the head of a notorious smuggling network and controls a large part of the Cambodian economy. Another example to note is that of the Malaysian-owned CAMBODIA ASIA BANK (of the same group as the CAMBODIAN LOTTERY CORPORATION and

ARISTON) which, several weeks before the election, granted the former State of Cambodia a US\$ 5 million loan of which US\$ 2.5 million literally vanished shortly afterwards. One may also reflect on the case of the company CONTINENTAL INDOCHINE, caught several times in flagrante delicto engaging in smuggling and tax fraud, but which continues to prosper.

IV. Lack of Strategic Planning

In each sphere of activity, investments are made in a piecemeal fashion, depending on what contracts can be made with the more accommodating private companies. The most striking example concerns telecommunications. In this sector, as in many others, one notices that there is no long-term overall program, no master plan, no tenders for a global, coherent project which only a company of an international size and reputation (such as SIEMENS or ALCATEL) could normally win. On the contrary, numerous companies of very variable quality operate in the telecommunications sector in Cambodia. First, there is an Australian company (OTC-TELSTRA, in place since before the elections) which holds a monopoly over international communications and whose compulsory relays are a private satellite and an earth-station situated in Australia. (One can imagine the long, complicated and costly circuits thus involved in communicating between Cambodia and all the countries of the northern hemisphere). Next, there is a large number of other companies, all foreign-owned, the majority of whom make only a minimal investment in Cambodia and look to achieve a maximum return as quickly as possible, by importing and using ill-assorted equipment. All these companies make up their invoices abroad, often adding on various difficult-to-verify charges, fees and taxes, which leads to a considerable capital outflow from Cambodia. For the user, the consequences of this anarchic system are evident in extremely high prices (which constitute a dissuasive factor for all foreign investors who require frequent communication with other countries) and poor quality of service due to out-of-date technology, to use of second-hand equipment already written-off elsewhere, incompatible systems and standards, a saturation of networks, interference—in other words. To the disadvantages of such a piecemeal, amateurish approach. [sentence as received] The social cost of such a system is also very heavy. But few concern themselves with this problem [as received] because influential people and organizations are drawing benefits from the disorder created from the moment they pay the necessary “entry-fees” and “tips” (either in cash and/or company shares). From the moment they sign new, more-or-less dubious, contracts with the State and are authorized to operate in Cambodia, new companies only contribute to further aggravating the dysfunctional tendencies of the present telecommunications system, increasing yet further the cost for the community of such confusion and ultimately making Cambodia still more dependent on international aid.

V. The Blocking of Reform

In certain sectors of the economy the implementation of essential reforms requires the participation of serious foreign investors with a well-defined vocation and adequate financial and technical means. The telecommunications sector examined above gives one example of the opposite scenario where it is sought to prevent the intervention of a renowned international company in order to prevent reforms in a sector dominated by vested interests and non-transparent practices. The situation is similar in the rubber sector where total anarchy reigns at the level of production (plantations controlled by armed gangs, under the control of either provincial authorities still little inclined to be accountable to the central government, or the still all-powerful former communist party, or the real war-lords who consider themselves entitled to do anything), at the level of exploitation (trees tapped too frequently or simply felled for their timber, for quick profits, with no concern for the future). As well as at the level of marketing (widespread smuggling to Vietnam as a result of the low domestic prices for raw latex, due in turn to the lack of adequate local processing capacity). [sentence as received] This anarchic situation, which persists because it is actively and consciously maintained, subjects the State to a considerable loss of earnings. Before 1970, revenue from rubber amounted to approximately one-third of the national budget, at present it constitutes only about 5 percent. In 1994, the State lost an estimated US\$ 25 million in revenue (equivalent to 6 percent of the total budget) due to irregularities and corruption at all levels of the rubber sector. Some French companies with recognized expertise in this field are willing to assist Cambodia in making better use of its natural rubber, but their intervention is not to the liking of certain Cambodian political leaders who draw significant personal benefits from the present state of confusion. A proposed reform in the petroleum sector, whose importation and distribution networks are infected by rampant smuggling and corruption, was initiated by the Ministry of Economics and Finance (MEF) at the beginning of 1994 in collaboration with the French company TOTAL. It ended in failure because it would have broken up a monopoly held by the company SOKIMEX which enjoys powerful political support. SOKIMEX engages with total impunity in many illegal and illicit practices (smuggling, under-declaration, fraud as to the nature, quantity, quality and price of the products imported, etc.) at a very heavy cost to the society (loss of revenue for the State, bad value for money for the consumer, damaged engines, increased pollution). Thanks to its political connections (which grant it privileged access to the Land Titling Office), SOKIMEX has also managed to guarantee itself the best locations for its service-stations. For many years, SOKIMEX has been a major financial supporter of the Communist party which the Vietnamese installed in power in January 1979 and now it bribes leaders from all sides. Another reform, designed to reduce corruption in the Customs Department by radically changing the procedures for the declaration of imported goods, was officially proposed by the MEF in April 1994 with the

collaboration of the British group INCHCAPE whose subsidiary INCHCAPE TESTING SERVICES specializes in the Pre-Shipment Inspection of imported goods. This system, which centers on the delivery of a certificate made out at the port of embarkation of the goods abroad and testifying to the nature, quantity, quality and price of the products, proves to be very useful for correctly calculating the customs duties to be paid by the importers when the goods arrive. It successfully eliminates arbitrary decision-making, bargaining and corruption. It has been, for example, implemented and applied with resounding success in Indonesia since the 1960's (customs revenue increased 3 or 4-fold in the space of a few years). It would have helped Cambodia to clean up, in a decisive manner, the Department of Customs and Excise, which, [as received] is notorious for the scale of corruption which takes place there but which nonetheless contributes around 60 percent of the domestic revenue of the State. This gives all idea of the beneficial effect which the country could have gained from such a reform. Sadly, it collided with the powerful political and financial vested interests which oppose all change. In August 1994, the reform's initiator, the Minister of Economics and Finance, was publicly disavowed by the two Prime Ministers who then annulled (on very doubtful legal and administrative grounds) the contract signed with INCHCAPE. This means, regrettably, that the commitment made by the RGC to the second ICORC meeting in Tokyo in March 1994, that Cambodia would soon "introduce a Pre-Shipment Inspection system," has not been fulfilled.

These above examples of reforms which have so far proved impossible because of a lack of political will at the highest level, illustrate the lost opportunities for Cambodia to defend the common good, to build a robust economy, to strengthen the public Finances and to reduce the country's dependence on international assistance.

VI. The Harmful Contribution of Favored Companies

The companies which have been the quickest to establish themselves in Cambodia, because they were either the most skillful or the least scrupulous in finding "common ground" with the corrupt political officials, are often engaged in activities which may be very lucrative but whose real contribution to the country's development is largely negative. Examples of the most notorious of these activities include:

- importation of cigarettes.
- importation of beer and other alcoholic drinks.
- smuggling of every kind.
- gambling, casinos.
- bars, dancing, prostitution.
- fake banks (there are currently 29 banks in Cambodia, the majority of which are only facades for money-laundering).

—real-estate speculation (typical example the Malaysian-owned FACB, mother-company of the firm ARISTON mentioned above, has just been granted permission, in exchange for a "donation" in the form of a Fokker 28 airplane, to construct five or six golf-courses whose real purpose is land speculation, real-estate speculation, which is another means of laundering dirty money, freezes large pieces of land, causes the price of land to rise to an absurd level bearing no relationship to the standard of living of the country, discourages real investors and job-creators who are no longer able to find sites at a reasonable price, and increases the number of Cambodians who are no longer able to find decent accommodation),—the timber business, which implies deforestation and ecological damage, leading to "natural" disasters (flooding, drought), destruction of crops, and food shortages throughout the country.

Whatever the sector in which they work, these favored companies bring about, or at least reinforce, habits and practices which do not contribute whatsoever to the healthy development of Cambodia. On the contrary, they form the pillars holding up the Mafioso State, a combination and symbiosis of shady businessmen and venal politicians.

VII. Misallocation of Financial Resources

Respect for laws and regulations and adoption of transparent procedures for the granting of public contracts would permit many public investments to be financed through concessional loans from international financial institutions. Unfortunately, certain Cambodian political leaders are unwilling to submit to procedures considered too restrictive and instead prefer to deal directly with friendly companies. As a consequence the corresponding investments have to be financed out of our meager domestic resources. A couple of examples the "emergency work" at Pochentong airport has already cost US\$ 6 million from the national budget instead of being part of a comprehensive project financed by one of the large lending institutions, similarly, repairs to national highways or stretches thereof are being funded out of the national budget (costing around US\$ 4 million so far), whereas they could easily have been financed by concessional loans.

VIII. Negative Impact on the National Budget

Contracts signed by the RGC [Royal Government of Cambodia] with the private sector have an undeniable impact on the national budget, which the IMF is involved in following very closely.

The fact that all disbursements and receipts of every kind affect the cash-position of the State means that disbursements and receipts linked to the implementation of the contracts in question, as well as current expenditure and revenue linked to the every-day functioning of the State, directly impacts on the size of the budget

deficit, which has to be covered by international financial assistance. The donor countries and; the international aid organizations must therefore have the right to examine the content and implications of contracts signed between the RGC and the private sector.

1) As was seen above in point VII, certain capital expenditures, relating to infrastructural work entrusted to accommodating private companies, unnecessarily drain the national budget. That is to say that "local investments" (used in official terminology to contrast with "direct investments" financed directly by external funding) are being financed by the State's modest current revenues (exclusively of domestic origin) which are already insufficient to cover current expenditures, despite the fact that such investments or capital expenditures could be financed by concessional loans given by international financial institutions (capital revenues) if transparent tendering procedures were adopted. The problem often decried as Cambodia's lack of absorptive capacity (illustrated by the concessional loans available but not used) is sometimes a false problem connected with a lack of transparency and of integrity on the part of the country's leaders. Some really urgent and major public works (e.g., irrigation and water control systems river, lake and canal drainage, reforestation programs) which could benefit from financing by international organizations on very favorable terms, have not received all the attention they merit because the political decision-makers are insufficiently "motivated" to carry them out, implying as they do transparent procedures which are difficult to circumvent. By contrast, casino projects are proliferating because they can be arranged "one-to-one" and involve dirty money, even though their role in development and alleviating poverty is at most a tenuous one.

2) Certain contracts (such as that to create ROYAL AIR CAMBODGE or RAC) lead to a loss of revenue for the State, since the amounts the State has hitherto collected (through the Department of Civil Aviation in the RAC case: air-traffic rights, landing rights, etc.) will henceforth be collected by an entity independent from the State (in the same example, RAC is a private limited company in which the State is a shareholder). The loss of revenue for the State may be temporary, until such time as the entity in question can pay dividends to the State, but such a prospect depends on how the entity is run and the terms of the contract by which it is created. For example, the contract creating RAC leaves one puzzled as to the earning capacity of the enterprise given that RAC has signed a number of agreements with MALAYSIAN AIRLINE SYSTEM (MAS), a subsidiary of its foreign shareholder MALAYSIAN HELICOPTER SERVICES (MHS) These confidential agreements, covering management services, leasing of aircraft, and appointment of MAS as RAC's worldwide general sales agent, leave attitude to switch profits from one entity to another through transfer-pricing. In the February 1995 edition of Wings of Gold, a magazine "published monthly and issued free to passengers on Malaysia

Airlines flights", RAC is described as "a totally Malaysian operation." Certain privatization's, such as those envisaged in the rubber sector, may also lead to an, at least temporary, reduction in the size of the national budget Other privatization's, if they are well conducted, may bring immediate benefits to the budget by relieving the State of the burden of subsidizing loss-making enterprises.

But the more alarming problem concerns the extremely important loss of revenue for the State resulting from the granting on very dubious terms, of vast forestry concessions to foreign companies, such as the Malaysian-owned SAMLING CORPORATION. This type of confidential contract can only add to the diversion of forestry receipts away from the national budget (diversions which are all the more difficult to avoid since they were officially permitted by an astonishing decision of the two Prime Ministers on 18 June 1994 which established a veritable parallel budget for the army's benefit). One may reasonably estimate that, in conditions permitting a renewal of natural resources amid the preservation of the ecological balance, Cambodia's forests are capable of making annually about US\$ 150 million for the state coffers, that is to say 37 percent of the total national budget for 1995. But the latter officially anticipates all revenue from the forestry sector to amount to only US\$ 1.5 million. This is unfortunately not due to greater protection for the environment since actual felling and export of timber in the field is reaching new records, whatever the government statements to the contrary. The international community wishing to help Cambodia must follow the issue of deforestation very closely because it involves many elements of crucial importance to the country not only economic and financial, but also ecological (climatic changes leading to poor crops and a chronic food shortage at the national level), political (financing of the war and political factions or clans) and social (corruption, non-respect for the law, the rule of the gun, and social decay).

3. "Tips" relating to the signature of contracts with the private sector may positively affect the national budget if they are included as announced. But there are no good reasons to rejoice unduly since these "tips". In effect, amount to a very inadequate compensation for the exorbitant benefits that Cambodia has granted to the foreign parties, such as the sale or lease, bit by bit and on one-sided terms, of elements of her national sovereignty: airspace (air traffic rights), territorial waters, islands, continental shelf, exclusive economic zone (oil and gas exploration, fishing, tourism), land, mountains, forests (minerals, rocks, precious stones, wood). The excessive benefits granted to the foreign parties can also take the form of a systematic under-evaluation of all sorts of assets land, buildings, plant, user rights, etc. For instance, in the contract creating ROYAL AIR CAMBODGE, the Malaysian partners MHS, as a result of their participation, have at their disposal all the air-traffic rights accorded to Cambodia, as well as subsidiary rights relating to air traffic and airport management over

the whole of Cambodia, for an indefinite period, in exchange for royalties limited to US\$ 6 million. It is probably to keep secret the contract's iniquitous nature that the parties involved considered it advisable to include a confidentiality clause in the contract.

4. Decisions as to the choice of companies for certain projects may lead the RGC to reject aid from friendly countries. Thus, in choosing the Malaysian group MUHIBBAH-MASTERON, and eliminating (temporarily?) the French group DUMEZ-GTM, for the contract to extend and renovate the Pochentong Phnom Penh airport, the Cambodian authorities have implicitly rejected proposed aid (amounting to a grant) of US\$ 20 million from the French government as a contribution to the financing of the project whose total cost is approximately \$100 million. The RGC must explain before the donor countries and lending institutions the reasons for its disdain towards this French assistance at the same time as it holds out a begging bowl to the rest of the world. The choice of MUHIBBAH-MASTERON (announced in the 1-6 January 1995 edition of THE CAMBODIA TIMES, although it must be noted that this weekly is also member of the same Malaysian group FACB-ARISTON-CAMBODIA ASIA BANK-CAMBODIAN LOTTERY CORPORATION) is all the more surprising since the group has no experience in civil engineering and since, in order to construct the airport in question, it demanded from the RGC the management of all the airports in Cambodia, 500 hectares of land in prime locations, forest concessions, a quarry to supply a cement factory, the right to operate an aviation company and a casino (!) (written proposal dated 28 June 1994).

Such iniquitous contracts may enrich a few individuals in Cambodia but they will impoverish the country by giving up State assets and elements of national sovereignty on scandalous terms and by limiting its future capacity to generate revenue and wealth at market-conditions. In such a way, Cambodia will have to remain dependent on international aid for a long time, even though it could rapidly reach self-sufficiency should it decide to manage its abundant resources properly.

IX. Dangerous Financial Commitments made by the State

In many confidential contracts, the RGC has made various financial commitments, in the name of the State. The RGC has committed itself to reimbursing the amounts invested by a private company if the latter fails-to reach the level of profitability envisaged and decides to leave Cambodia (example: US\$ 40 million must be paid to the Malaysian company LEADER UNIVERSAL HOLDINGS if the State, for whatever reason, is unable to buy all the electricity the company produces at a price previously agreed) The RGC has committed itself to covering the losses of a foreign company if the latter is unable to achieve the turnover envisaged (example: "full compensation" to be paid to

MUHIBBAH-MASTERON if the "flight or passenger throughput" proves less than expected) The RGC commits itself to offering its guarantee to loans contracted by a private limited company of which it is a shareholder (example a guarantee for any future loans contracted by ROYAL AIR CAMBODGE). Lastly, the RGC has committed itself to compensating certain private companies if any future modifications of the laws of the country affect their profitability, which amounts to a veritable waiver of national sovereignty contrary to the Constitution (example: such a clause, affecting taxes and custom duties, figures in the forestry concession contract signed with the Malaysian company SAMLING CORPORATION).

Although not strictly-speaking debts, these financial commitments made by the State may be fraught with consequences (equivalent to contingent liabilities for a private company). The Constitution, in article 90, requires their approval by the National Assembly. In the same way as borrowing contracted by the State. The IMF which follows closely the domestic and foreign borrowing by the State in order to assess the economic and financial situation of Cambodia, must look thoroughly at all these financial commitments. But for the IMF to be able to do its work properly, it will be necessary for these public contracts to be made public.

Similarly, the arbitrary decisions by the State concerning public contracts may lead to costly lawsuits with companies who were once in favor but then lose out to a richer and more accommodating newcomer (example: the Thai-owned CAMBODIAN INTERNATIONAL AIRLINES is currently claiming US\$ 100 million of damages from the State for arbitrary breach of contract, following the creation of ROYAL AIR CAMBODGE under the patronage of the Malaysian company MHS) An unfortunate outcome to such a lawsuit could lead to expenses for the State which might jeopardize the national budget, the preparation and execution of which the IMF is supposed to follow closely. It is thus indispensable for the IMF to know the content and the implications of all contracts which are signed between the State and the private sector and which, at the same time, could be made available to the National Assembly and public opinion.

X. Loss of Credibility for a Government Torn Between Conflicting Commitments

Precipitous, ill-thought-out, poorly-coordinated and incoherent Government decisions in the field of foreign investment are creating a confused situation which will only damage the credibility of the State.

By way of an example, last autumn, the RGC, through the Ministry of Tourism, organized an international tender for the construction of a casino and other infrastructure in the area of Sihanoukville. This tender was due to close on 21 November 1994. But in the first week of November, at the time of the surprise arrival in Phnom Penh of a floating casino belonging to the Malaysian company ARISTON (which was theoretically one of

four companies on the list for the tender), the Minister of Tourism discovered that the CDC had secretly, on 15 September 1994, granted the Sihanoukville contract to the ARISTON company. Having learned of the existence of this secret contract several days before the Minister of Tourism himself, the American hotel-group HYATT, which was also among the four original competing companies, immediately withdrew from the unfair tender, an incident which has certainly not improved Cambodia's image in the world business community.

Regarding the re-launching of a national lottery, the Minister of Economics and Finance, on behalf of the RGC and according to prevailing laws and regulations, signed a technical assistance contract with the French company INTERNATIONALE DES JEUX on 31 March 1994. But on 21 September 1994, the CDC concluded its negotiations with the Malaysian company CAMBODIAN LOTTERY CORPORATION and secretly signed another contract whose provisions clash with the terms of the agreement with INTERNATIONALE DES JEUX.

With ROYAL AIR CAMBODGE (RAC) and the Phnom Penh airport project, the RGC is presently caught between serious contradictions which will come to the surface in the very near future. This delicate situation consists of the following elements: the contract signed with MALAYSIAN HELICOPTER SERVICES (MHS) creating RAC is having its constitutionality contested by several MPs and is the object of a legal action calling for its annulment-, this legal action should oblige RAC, according to the provisions of the contract itself (article 4.1.c), to suspend all its operations, the RGC is also facing a lawsuit brought by the Thai company CAMBODIAN INTERNATIONAL AIRLINES for arbitrary breach of a contract signed with the former State of Cambodia, there are divisions within the RGC between the pro-Thais and the pro-Malaysians, the contract with MHS, which grants RAC a monopoly over all air-traffic rights accorded to Cambodia and all airline-related services provided in all airports in Cambodia, is incompatible with the contract signed with MUHIBBAH-MASTERON, now the RGC seeks to annul this contract with MUHIBBAH-MASTERON, following the visit to Cambodia of the French Minister for Cooperation in early February 1995, the First Prime Minister promised to grant the Phnom Penh airport-contract to the French company DUMEZ-GTM but in order to make good this promise, it is necessary for the contract with MUHIBBAH-MASTERON to be effectively nullified and for DUMEZ-GTM to accept RAC's monopoly which will deprive the French company of an important part of the normal revenues for an airport concession-, as it is unlikely that DUMEZ-GTM will accept the constraints embodied in RAC's monopoly and as the RGC cannot, once more, disappoint France whose support for ICORC is decisive, it will be obliged to renegotiate the RAC contract with MHS, but the RGC's room for maneuver will depend on the good-will of the Malaysians whose

influence in Cambodia has become perhaps already too strong for them to agree to back-down.

Conclusion

In Cambodia, certain leaders treat State assets and the property, of the nation as their own personal belongings. Leaders have acted more as businessmen, out to make a fast buck, than as statesmen responsible for their country's future. Dubious contracts which have serious repercussions have been recently signed with foreign companies which have not considered it necessary to respect the laws of the host country. A country where corruption has been erected into a system of government can only grope its way forward, according to the possibilities for personal gain, and cannot really determine priority sectors and rational approaches. Such a country inevitably follows a random and piecemeal approach, incompatible with the long-term vision which must constitute the background to a strong and coherent economic policy. The international community has provided Cambodia decisive help. Cambodia and its leaders are accountable to them. The international community wishes that the assistance it gives to Cambodia, given at the cost of important sacrifices to the tax-payers of the donor countries, is used judiciously and effectively, that is to say, that the aid granted really benefits those most in need. To give them these legitimate assurances, the Cambodians must show that they are making real efforts to curb corruption in their country. Unhappily, it is very difficult to demonstrate that we have made serious efforts in this direction and we have little chance of convincing our benefactors.

The dubious contracts which have been signed recently considerably tarnish the image of Cambodia's present leaders' who are certainly in no need of yet more embarrassing revelations. The continuation of international assistance should be made conditional on explanation about, and modifications to the contracts-in-question, as well as on the continuation of structural reforms indispensable for a sound economy, on the adoption of transparent procedures for public decision-making, and on the establishment of a true rule of law. These conditions should be imposed in the interests of Cambodia and out of respect for the taxpayers of the donor-countries. Encouraging the professional and moral slackness of the Cambodian leaders will only prolong Cambodia's misery and dependency and will deceive those who are willing to support a good cause.

SAM RANGSI, Member of Parliament Former Minister of Economics and Finance

Laos

1971 'Enemy' Losses in Savannakhet Noted

BK2903004995 Vientiane Vitthayou Hengsat Radio Network in Lao 0430 GMT 23 Mar 95

[Feature from "Army Tradition Review Program": "Heavy and Painful Defeat of Imperialist Aggressors

and Saigon Puppets During Lamson-719 Combat Operation in Central Region of Laos in 1971"]

[FBIS Translated Excerpt] Beloved comrades, 8 February 1971 was the day when the Pentagon, with the warlike Nixon as president, ordered Nguyen Van Thieu, its faithful lackey, to dispatch Saigon puppet troops to launch a large-scale combat operation on Highway 9 in central Laos with a view to seizing Sepon District and taking control of Highway 9 in accordance with their military strategy and marching forward to attack and seize Phin, Donghen, Phalan, and Seno districts and the entire Savannakhet Province. They hoped to link the Lao battlefields with those in South Vietnam and to link them with Thailand. [passage omitted]

Complying with the sacred order of the Party Central Committee and combat order of the Lao People's Army Supreme Command, beginning on 12 February 1971, our armed forces and people officially launched counter-attacks against the enemy aggressors. Our armed forces and people repeatedly and simultaneously attacked the enemies at many points, wiping out many battalions of the Saigon puppet paratroops and commandos. The loss caused great concern to Western public opinion and as prominent persons in the United States themselves who admitted that the combat operation of Nixon and the Saigon puppet administration from 19-26 February was defeated.

During this period, our patriotic forces put out of action more than 5,000 enemy troops, including as many as nine battalions of paratroopers, commandos, and infantry troops. Our patriotic forces also shot down 250 aircraft. On 12 February in particular, our armed forces and people completely wiped out the 3d Paratroop Battalion attached to the 3d Brigade, destroyed two positions of artillery forces, captured a colonel—commander of the said brigade—and 20 other officers. On 26 February 1971, they mobilized armored cars with (?20) soldiers to support their forces. However, the enemy forces were again completely wiped out by our patriotic forces. Twenty-seven tanks were destroyed, and 13 others were seized. Later, on 1 March 1971, they sent 10 more divisions of troops to reinforce their forces. This brought to as many as 70 divisions the total number of their forces comprising 50,000 troops. Later, they dispatched more paratroopers and marines to reinforce their forces in an effort to attack and retake various peaks north of Ban Dong and to seize Sepon District during the second stage of the Lamson-719 operation.

From 1-3 March 1971, our armed forces and people attacked the paratroop brigade and armored divisions Nos. 11 and 17 at a height north of Ban Dong and Houai Kasi, wiping out 100 enemy troops, destroying 54 tanks, and downing or destroying on the ground many aircraft. From 18-20 March 1971, our patriotic forces launched attacks against enemy forces at Ban Dong and Houai Kasi, wiping out large part of Armored Division No. (?1) and completely wiping out the paratroop brigade, thus completely taking control of the areas.

Between 8 February and 20 March 1971—a period of only 40 days or so—the armed forces and people of Savannakhet Province put out of action nearly 10,000 Saigon puppet soldiers, downed or destroyed on the ground many aircraft, seized or destroyed more than 400 armored cars or tanks, and seized or destroyed a large quantity of war equipment. In Nong District, from 10 to 20 February 1971, our armed forces and people attacked (GM-30) that they dispatched to Laos, wiping out 200 enemy soldiers and seizing 80 guns. In Phalan and Houai Meun areas, from 4 to 17 February 1971, our patriotic forces and people attacked and drove into many directions three brigades, namely (7B), (DC-101), and (BP-303), wiping out 408 enemy soldiers—including 181 killed, 23 forced to surrender, and 203 defecting their ranks—and shot down four aircraft. The Lamson-719 combat operation was completely defeated by our armed forces and people on 23 March 1971. [passage omitted]

Philippines

Ramos Issues 'Press Statement' on Spratlys

BK3003045795 Quezon City Radio Filipinas in English
0230 GMT 30 Mar 95

[Weekly news conference by President Fidel V. Ramos before domestic and foreign correspondents at Malacanang Palace in Manila on 29 March—recorded]

[FBIS Transcribed Excerpt] [Passage omitted] [Unidentified correspondent] On the same subject of communications between various governments, it seems that China is now requesting that the fishermen from Spratlys, now in Palawan be released. Can you tell us what is the status now of those fishermen and their fishing boats?

[Ramos] Yes, I have in fact a press statement on this matter and let me read this to you:

Last Saturday, 25 March 1995 at 0730, Philippine Armed Forces personnel on board two Philippine Navy vessels—these are small vessels—apprehended 62 fishermen on board four Chinese fishing vessels near Hasa-hasa—that is Philippine term which is the name of a fish—otherwise known as Half-Moon Shoal, which is 50 nautical miles away from western Palawan in the Palawan Island Reef. These vessels were spotted from there but they have no permission to enter [word indistinct] within Philippine territory. Please note the distance from the Western Palawan shelf, 50 nautical miles, just like the distance between here and (Fortune) Island here in Batangas Bay.

Upon closer examination, on board these vessels were found 40 live and 40 dead sea turtles, or pawikan as we call them, which are native to the sea, which species of sea turtle is included in the internationally recognized list as most endangered species; species of red and blue corral, which takes many (?generations) to develop, and this is crucial to the eco-system of the area, were also

found. Twenty litters of cyanide, several hundreds sticks of dynamite, and bundle of fuses were also found on these Chinese vessels. All these are not only in full violation of Philippine laws but also of the norms of international law of the sea and the environment, which deserves condemnation by the international community.

This afternoon the PNP [Philippine National Police] provincial director of Palawan will file charges against the Chinese fishermen on the grounds of illegal fishing and illegal possession of explosives. The case for illegal entry, being an administrative case, will be handled by our Bureau of Immigration, where 62 Chinese fishermen have been detained at the provincial jail in Puerto Princesa, since last night [28 March]. They have been taken very well and given adequate food and medical care.

The Chinese Embassy in Manila was informed of these developments by our Department of Foreign Affairs today [29 March]. In this connection, the Philippine Navy was forced to destroy various structures which were found to be made of metal frames and remove matters with Chinese characters, and these were in the following places: (Alilying) or Thomas 2 Shoal, which is 95 miles from Western Palawan; Bilig, or Thomas 1 Shoal, 78 miles from Western Palawan; Hasa-hasa, again, Half Moon Shoal, 50 miles from Western Palawan; and Pennsylvania Reef, which is 56 miles from Western Palawan.

The Chinese themselves have brought international attention to their activities, in these islets and shoals of the South China Sea, by their actions in contributing to the destruction of the environment in the region. If these structures are meant to shelter these kind of fishermen, who have no regard for debilitating environment and only wish to profit from its wanton destruction, then there is enough reason for these structures to be removed from Philippine territory.

The Philippine Government is committed to continue addressing the issue of Panganiban or Mischief Reef, which is 135 miles from Western Palawan, as well as the conflicting claims in the South China Sea, through peaceful dialogue and through diplomatic channels. I am confident that all parties will come to a mutual understanding and that the peace and stability of the region, the Asia-Pacific region, will be maintained under the Manila Declaration of 1992. [passage omitted]

First Group of OCW's Returns From Singapore

BK2903152895 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 28 Mar 95

[FBIS Translated Text] The first group of OCW's [overseas contract workers], who expressed their intention to come home to the Philippines from Singapore, have already arrived. Eighty-five OCW's on board a C-130, sent by the government the other day, arrived this morning at 5:20 am from Singapore. The OCW's

returned home because of the government's promise to ensure their well-being in view of the prevailing row between the Philippines and Singapore triggered by the hanging of Flor Contemplacion. Earlier, Labor Secretary Nieves Confesor explained that only 86 OCW's decided to come home out of the 2,000 earlier expected because of fear that they will not have any job in the country when they return. Others were persuaded by their Singaporean employers to stay and were promised raises. According to Confesor, the Singaporean employers will be paying more if they allow the maids to go home because they have to pay for the fare, fines, and other obligations; thus, they asked the maids not to leave until they finished their contracts. After returning to the Philippines, they will never be allowed to return to work in Singapore. There are an estimated 55,000 Filipino domestic workers in Singapore.

Meanwhile, Defense Secretary Renato De Villa said that although only 86 OCW's returned home instead of 2,000, it is not a problem for the government. What is important, De Villa said, is that the government sent an Air Force plane to Singapore to fly back those who voluntarily wanted to come home. The expenses involved in sending the C-130 are not important either, because this is the government's way of showing sympathy to those who want to come home but cannot due to lack of money to pay for the fare.

MNLF To Deploy Forces in Election 'Hot Spots'

BK2903160695 Manila PHILIPPINE DAILY INQUIRER in English 27 Mar 95 p 18

[Report by Rolly A. San Juan]

[FBIS Transcribed Text] Zamboanga City—The Moro National Liberation Front (MNLF) will deploy forces in election "hot spots" in Basilan and other parts of Western Mindanao to assist the military in ensuring a peaceful election, an MNLF spokesman in Basilan said.

"We will not allow violence because we want the people to exercise their free will on 8 May," Amat Mohammad, an MNLF official stationed in Basilan, told reporters.

Mohammad said he hoped the election in Basilan will be fair and honest, "reflecting the true will of the people."

The MNLF, he said, would endorse candidates who support the Mindanao peace process.

The MNLF has boycotted the elections in the past but last month, Ustadz Shariff Zain Jali, Misuari's spiritual adviser, said the MNLF will ask the Bangsamoro people to participate in the 8 May polls.

Jali, however, emphasized that the MNLF will not campaign for specific candidates and will only guide its followers in selecting competent and honest leaders, particularly those who have vowed to help the Mindanao peace process.

However, he added, the MNLF still abhors the present electoral system where campaigns are conducted expensively and with plenty of false promises.

The race for the positions of governor and House representative in Basilan is a three-cornered fight.

The congressional candidates are Rep. Elnorita Pamaran Tugung, Ex-ICO [Organization of Islamic Conference] Gov. [Governor] Louie Alano and former Assemblyman Candu Muarip. The gubernatorial bets are Gov. Abdulgani "Gerry" Salapuddin, Ex-Representative Alvin Dans and former Lamitan Mayor Wilfrido Furigay.

Meanwhile, the Basilan police have established 24 checkpoints around the capital town of Isabelia to enforce the election gun ban.

Police Provincial Chief Supt. [Superintendent] Sukarno Ikbala said his men confiscated two Garand rifles, four .38 caliber revolvers, one baby M-16 rifle and 142 rounds of assorted ammunition from unauthorized persons.

Ikbala also said that part of his program was the establishment early this month of a covert watchdog organization named Basilan United Against the Sins and Terrorism of dirty politicians or BUST.

About 200 members of the organization are scattered all over the island province, equipped with cameras to record the misdeeds of candidates, he said.

He said the pictures and other evidence that the group gathers will be used to support disqualification moves against erring candidates.

"As long as they will abide by the election rules and regulations, the candidates have nothing to worry about," he said.

Communists To Support 'Progressive' Candidates

BK3003005595 Quezon City ABC-DWET Television in Tagalog 1000 GMT 29 Mar 95

[FBIS Translated Text] The Communist Party of the Philippines [CPP] leadership today ordered its rebels to support progressive candidates in the coming polls. In a letter sent by the CPP to mark the 26th anniversary of the New People's Army [NPA], it said the May elections are a farce. Nevertheless, the CPP asked the NPA to help those candidates showing patriotism. The CPP said it will continue with its revolution despite the talks between the government and the CPP scheduled in Brussels on 1 June.

Thailand

Defense Minister Views Cambodian Border Situation

BK2903130895 Bangkok Radio Thailand Network in Thai 1200 GMT 28 Mar 95

[FBIS Translated Text] Defense Minister General Wichit Sukmak has spoken with reporters about the

increased intensity of the Cambodian Government's offensive against the Khmer Rouge and its impact on the safety of Thai people along the Cambodian border. He said he has received reports that the fighting between the Cambodian Government and Khmer Rouge soldiers has resulted in artillery shells landing in Thai territory, damaging six homes. The Burapha Force fired warning shots and the shelling ceased. There were no Thai injuries or deaths.

Regarding measures to prevent violations of sovereignty along the Thai-Cambodian border, the defense minister said the issue will likely be discussed with the Cambodian foreign and defense ministers during their upcoming visit to Thailand. Ways to prevent an undesirable impact on Thailand from the fighting between rival Cambodian forces will also be discussed.

The defense minister said the Burapha Force has reported constant coordination at the local level. Regarding the robbery of Thai people along the border in Sakao Province, the Cambodian Government has agreed to pay compensation for the recent shooting death of Thai policemen. In any event, the relevant issues will likely be discussed with Prime Minister Hun Sen during his visit to Thailand at the end of this month.

Army Chief on Policy Toward Neighboring Countries

BK3003054695 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 29 Mar 95

[FBIS Translated Text] Army Commander General Wimon Wongwanit said he wanted the Burmese Government and minority groups to turn to the negotiating table to settle the conflicts. The fighting inside Burma often affects our country.

The army commander said that continuous fighting between Burmese Government troops and ethnic groups broke out near our border. He said:

[Begin Wimon recording] There are so many groups in Burma. If they cannot talk to each other, more killing will continue. I still believe that they should be able to come to an agreement if the leaders of each group and party place national interest above their own. [end recording]

Regarding the closure the crossing points along the Thai-Burmese border, the army commander said that only those we suspect of being used as routes to transport narcotics will be closed while the others will remain open because their closure can affect border trade.

Commenting on press articles critical of Thailand's aggressive policy toward neighboring countries, the army commander said that newspapers should be extremely cautious in presenting such a view because it is bad for the Armed Forces and the country. He said:

[Begin Wimon recording] I appeal to the mass media and press people here to avoid writing anything, which

defames the military. Military people attach great significance to their dignity and are willing to sacrifice their lives for it. [end recording]

Vietnam

National Assembly Begins Seventh Session

BK2903140995 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 28 Mar 95

[Report by station correspondent Dinh Khai]

[FBIS Translated Text] Dear friends: The Ninth National Assembly's Seventh Session opened at the Ba Dinh Conference Hall in Hanoi this morning. Before the opening of the session, the National Assembly deputies paid a floral tribute to President Ho Chi Minh at his mausoleum.

Attending the opening session were Comrade General Secretary Do Muoi; Comrade Pham Van Dong, adviser to the party Central Committee; Comrade President of the State Le Duc Anh; and Comrade Prime Minister Vo Van Kiet. Also attending the opening session were many comrade representatives of ministries, departments, sectors, and mass organizations at the central level and in Hanoi. Many members of the diplomatic corps and a large number of correspondents of Vietnamese and foreign press organs, news agencies, and radio and television networks were also present.

The Ninth National Assembly's Seventh Session opened at 0900 sharp. After the military band played the national anthem, National Assembly Chairman Nong Duc Manh delivered the opening speech. Comrade Nong Duc Manh said:

[Begin Nong Duc Manh recording] The Ninth National Assembly of the Socialist Republic of Vietnam [SRV] begins its seventh session today. On behalf of the National Assembly's Standing Committee, I warmly welcome and convey my best wishes for good health to our comrade party and state leaders, comrade veteran revolutionaries, National Assembly deputies, members of the diplomatic corps, foreign guests, and each and every one of you comrades and friends who are present at this solemn opening the National Assembly's session.

At this session, the National Assembly will hear a supplemental government report on the implementation of the 1994 state budget and the National Assembly's Resolution on the implementation of the 1995 state budget. Following that hearing, the National Assembly will discuss and give its advice on measures to successfully carry out the tasks for 1995. The National Assembly will devote much of its time to studying a number of draft laws, as well as discuss, make suggestions to, and adopt the Law on State Business and the Law on Amending or Supplementing a Number of Articles of the Vietnam Civil Aviation Law. These are important legal documents to regulate the operations of state business

establishments in accordance with the market mechanism under state management and based on socialist orientations. They will help develop the key role of the state economic sector in the national economy, thus meeting the new requirements of management, exploitation, and development of the Vietnam civil aviation sector.

Based on the suggestions of the people, sectors, and echelons, the National Assembly will debate and give its advice on a number of basic issues relating to draft of the Civil Code, which is a very important law in our legislative system designed to regulate the diversified and rich relations in our people's everyday life. The National Assembly will make a review of the Law on Organization of the Administrative Court so that it can be promulgated at an early date and help create a legal groundwork for the timely and effective settlement of complaints filed by citizens and organizations against the decisions of state administrative organs, thus strengthening the efficiency of management agencies and renovating state administrative procedures a step further to effectively safeguard the country's mineral resources and stimulate the mining industry. The National Assembly will give its advice on the draft law on mineral resources pending approval at its next session.

Also at this session, the National Assembly will review the government report on enforcement of the Law on Land and our state's diplomatic activities. The National Assembly will also study reports on the activities of the National Assembly's Standing Committee, the Supreme People's Court, and the Supreme People's Organ of Control since the conclusion of the Ninth National Assembly's sixth session. In addition, the National Assembly will discuss and decide on other important issues.

It is my hope that as people's representatives, our National Assembly deputies will uphold their sense of responsibility, develop the spirit of democracy, and contribute positive suggestions to enable the National Assembly to reach correct decisions, thus making this session a success. Let our entire party, people, and army look forward to major anniversaries in 1995 and heighten the determination to successfully implement the tasks for 1995, which marks the end of the five-year state plan and creates the momentum for national development in the years ahead. I would like to declare the Ninth National Assembly's Seventh Session opened. Thank you for your attention, comrades and friends. [applause] [end recording]

Next, Deputy Prime Minister Phan Van Khai presented the government report on a number of major issues relating to guidance for the implementation of the tasks for 1995 based on the National Assembly's Resolution.

The first part of the report presented a general picture of the socioeconomic situation based on statistics compiled in 1994 and on the development of the situation in the first several months of 1995. Compared with 1993, the

following targets have been fulfilled in 1994: The gross domestic production, GDP, has increased by 8.8 percent. The gross agricultural production output has increased by 4 percent. The volume of food grains has reached 26 million tonnes. The gross industrial production output has increased by 13.5 percent, the export index has reached \$3.6 billion, and the import index has reached \$5 billion. The volume of capital for investment and development for 1994 might reach 48 trillion dong. In 1995, as many as 362 foreign investment projects have been licensed. These projects involve a total registered capital of \$4.74 billion and the amount of investment capital already put in use in 1995 has reached \$1.5 billion.

From the beginning of this year, production output has continued to increase relatively well. Compared with the same period last year, the industrial production output in the first two months has increased by 13.8 percent. In this period, the volume of electricity, coal, rolled steel, cement, paper, and fabrics has increased higher than the average rate. The export value has increased by 44 percent and the import value has increased by 10.6 percent.

From the beginning of this year until 15 March, 62 licenses have been granted to direct foreign investment projects with a total registered capital of \$1,301 million. Budget revenue collection in the first quarter was planned to increase 36 percent over the same period last year. However, in the first two months, it reached only 9.6 percent of the annual plan or about 86.8 percent of the total spending in the first two months.

Also according to the government report, generally speaking, the economic, cultural, social, security, national defense, and foreign affairs situation and the activities of all sectors and localities have continued to progress in the past few months of this year. However, some issues of concern have emerged as follows: The rate of budget collection has remained low, which affects the availability of funds to meet spending demands to carry out the 1995 duties, especially when it comes to covering capital construction expenses. The price index has also increased compared with the same period last year. Social order and security have been developing in a complex manner. Corruption and smuggling still occur at an alarming pace. The number of violations of the law, including serious ones, has increased. Traffic accidents have occurred frequently. In the first two months of this year alone, nearly 2,000 traffic accidents have occurred, killing 741 people and injuring more than 2,000 others, and causing much damage to property.

The second part of the report refers to main issues in providing guidance for the implementation of 1995 socioeconomic duties. The main issues are development investment, budget balance, export, import, inflation control, and administrative reform.

Regarding administrative reform, Deputy Prime Minister Phan Van Khai said:

[Begin Phan Van Khai recording] Social order and discipline have been relaxed for a long period. The mechanism of social management through administrative orders is no longer suitable, but the mechanism of social management through the legal system is still in the process of taking shape. Therefore, there is a lack of uniform measures, and loopholes still abound. The ideological indoctrination designed to develop in society a sense of self-imposed respect for the law still remains weak and inappropriate as does a lack due concern. Therefore, the restoration of social order and discipline and the formation of a lifestyle and work methods based on the respect for the law call for persistent and sustained efforts.

The successful implementation of the firecracker ban proves that to be successful, we must focus on hot issues that the people expect us to solve with uniform policy; determined and absolute guidelines; clearly defined responsibility; strict discipline; community support; combined strength of all sectors, organizations, and levels; and enthusiastic participation of the public. This practice is not foreign to our party and state's traditional leadership and guidance. Realities have proved that when we have correct policies and methods, we can raise the people's consciousness in respecting state laws to push back anarchism.

This practical lesson has been adopted to solve the illegal construction of houses in some important sectors of the Hanoi dike system. This construction is a serious violation of regulations on dike protection. The issue here is that we are not only safely preventing Hanoi from the danger of flooding, but it also has a greater meaning in proving the government's efficiency to maintain state regulations in Hanoi and other areas. The prime minister's decision, with its reasonable and caring measures, is supported by the majority of the public. The government is determined to work with party committees, local authorities, and the Hanoi people to satisfactorily solve this issue, thus changing a bad action in the capital into a good example for the entire country to follow.

The government is also actively preparing for the restoration of traffic order and safety, starting in big cities so that traffic accidents can be quickly reduced and traffic disorder and congestion can be overcome in some cities and some roadways, thus maintaining social discipline and order. This task must be done consistently with good preparation on legal and material means, manpower, and propaganda to educate the public to create new pattern on traffic order and safety, starting in cities. [end recording]

The last part of the government report presented by Deputy Prime Minister Phan Van Khai brings up major features on our government's foreign affairs activities. The report concludes that generally speaking, despite many difficulties, the socioeconomic situation and our international relations are continuing to develop the trend of good changes recorded in the previous years.

Based on the evaluation of the current situation and on the analysis and explanation of some other issues, the government confirms its determination in providing guidance for the successful implementation of the national assembly resolution on duties in 1995 to create better posture and strength for a stronger and firmer development in the last five years of this century.

Dear friends: Also in this morning, Minister Do Quoc Sam, chairman of the State Commission for State Planning, on behalf of the government, presented a report on the bill on state enterprises to the National Assembly. Tran Van Nhan, vice chairman of the national assembly's Economic and Budget Committee, read an investigative report on the bill on state enterprises.

This afternoon, the National Assembly continued its work at the Ba Dinh Hall. Communication and Transportation Minister Bui Danh Luu, on behalf of the government, presented a report on the bill on amendment and supplement to some articles of the Vietnam Civil Aviation Law. Nguyen Van Yeu, vice chairman of the National Assembly's Legislature Committee read an investigative report on national assembly deputies the bill on amendment and supplement to some articles of the Vietnam Civil Aviation Law. Ly Tai Luan, chairman of the National Assembly's Economic and Budget Committee presented his committee's opinions on the state's economic and budget duties.

Tomorrow morning, national assembly deputies will discuss in groups about the bill on state enterprises.

Communique No. 1 Issued

BK2903141695 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 28 Mar 95

["Communique No. 1" issued by the Office of the National Assembly in Hanoi on 28 March—read by announcer]

[FBIS Translated Text] On the morning of 28 March, the SRV National Assembly solemnly opened the seventh session of the Ninth National Assembly in the Ba Dinh Conference Hall. Before attending the session, the National Assembly deputies paid a floral tribute to President Ho Chi Minh at his mausoleum.

Attending the session were Do Muoi, general secretary of the Communist Party of Vietnam [CPV]; Pham Van Dong, adviser to the CPV Central Committee; State President Le Duc Anh; Prime Minister Vo Van Kiet; National Assembly Chairman Nong Duc Manh; many high-ranking leaders of the party and state; some senior revolutionary cadres; and former National Assembly deputies. Many members of the diplomatic corps, representatives of international organizations in Hanoi, and delegates of Vietnamese and foreign press organs and news agencies also attended the opening session.

At 0900 sharp, after the military band played the national anthem, National Assembly Chairman Nong

Duc Manh delivered the opening speech. Then the National Assembly heard a report on some major issues on providing guidance for the implementation of duties in 1995 under the national assembly resolution presented by Deputy Prime Minister Phan Van Khai. Minister Do Quoc Sam, chairman of the State Commission for State Planning, on behalf of the government, presented a national assembly report on the bill on state enterprises. Communication and Transportation Minister Bui Danh Luu, on behalf of the government, presented a national assembly report on the bill on amendment and supplement to some articles of the Vietnam Civil Aviation Law. Nguyen Van Yeu, vice chairman of the National Assembly's Legislature Committee read a investigative report on the bill on amendment and supplement to some articles of the Vietnam Civil Aviation Law. Ly Tai Luan, chairman of the National Assembly's Economic and Budget Committee [EBC] presented a report on EBC's opinions to supplement the review on the implementation of economic and budget duties in 1994 and the implementation of the economic and budget duties in 1995.

On the morning of 29 March, the National Assembly deputies will exchange views in groups on the bill on state enterprises. In the afternoon, they will discuss in groups on the bill on amendment and supplement to some articles of the Vietnam Civil Aviation Law.

Leaders Address Forum on Administrative Reform

BK2903052295 Hanoi VIETNAM INVESTMENT REVIEW in English 27 Feb-5 Mar 95 p 2

[Report by Nguyen Tri Dung]

[FBIS Transcribed Text] Senior officials from all Vietnamese cities gathered at a national conference in Hanoi last week to preview the country's masterplan on administrative reform.

Also in attendance were Party Secretary General Do Muoi, President Le Duc Anh, Standing Deputy Premier Phan Van Khai and Political Bureau members Dao Duy Tung and Nguyen Duc Binh, who presented the plan to officials as one of the country's top priorities.

The plan follows the resolution set forth during the ruling Communist Party's Central Committee's eighth meeting last month to push administrative reform of the Vietnamese State apparatus.

Addressing the participants, Standing Deputy Premier Phan Van Khai called the plan an urgent task due to combat "weak and inferior" elements in the current administration.

Khai pointed to bureaucracy and lack of discipline within the national administration and society as ongoing problems.

Khai, who is a party Political Bureau member, also railed against corruption, extravagance, and the weak knowledge of many bureaucrats.

Khai said that in order to overcome those weaknesses, the country must establish a pure, healthy, and capable administration which will be modernized to meet the requirements of effective state management.

"Administrative reform will be carried out not only on the basis of partial amendments but on a fundamental and systematic overhaul of the administration while maintaining political stability," Khai told his audiences.

Khai said that the three elements of national administration must be reformed concurrently, including the legal system, the organizational structure of all administrative levels, and the performance rules guiding the duties of administrative officers and employees.

Party Chief Do Muoi spoke against the weaknesses of the administrative apparatus urging officials to analyze these problems and find ways to overcome them.

"The year 1995 must be regarded as an essential year in which we must try our best to fulfill the five-year plan to create better strength for better development in the next stage," Muoi said.

The year 1995 is widely believed to be a preparatory year for the 8th congress of the ruling Communist Party which will be convened sometime next year.

Deputy Premier Outlines Plans

BK2903125895 Hanoi VIETNAM INVESTMENT
REVIEW in English 6-12 Mar 95 p 2

[Report by Nguyen Tri Dung]

[FBIS Transcribed Text] Policy makers plan wholesale reform of the national administration, streamlining State bureaucracy and improving standards of civil servants.

The program, which has come to be regarded as a fundamental part of Vietnam's policy of reform, was announced by Standing Vice Premier Phan Van Khai at a national conference last week.

Khai said the State department would be revamped to combat weaknesses of grinding bureaucracy, the lack of order and discipline within the administrative system and society, corruption and extravagance lighten the overweight and ineffective administrative apparatus and improve the capabilities of civil servants, most of whom are open to corruption.

Khai said expanding ties with foreign organizations provided added incentive to making the administrative reform as it raised the need for the whole administration to get used to international laws, practices and standards. This has become an even more pressing issue with Vietnam to join ASEAN in July.

The standing vice premier said regulations concerning all key government sectors had been overhauled, including the allocation of State budget investment, the granting of land and construction permits, import and

export, foreign investment, establishment and registration of business, entry and exit visas and resolving the people's complaints about the system.

Khai said many cumbersome, obsolete and unnecessary regulations had been abolished, such as easing baggage checking regulations at customs.

"An Ordinance on fees is now being drafted and to be issued soon to help abolish many of the current 150 kinds of fees, of which many are worked out at officials discretion and are kept out of the State budget," Khai said.

He said the Cabinet would also define the levels of authority for issuing administrative regulations. "The Government is taking a resolute stand on the abolition of all administrative regulations which have been issued illegally, promulgate a conduct code of public service which defines clearly the obligations, duties, disciplines and orders as well as the working statutes of all civil servants.

"All local administrative offices must observe all reformed regulations and the statute of civil servants which are put under their management," Khai told the local leaders, asking them to take more than the usual steps to check against staff corruption.

Khai said about 100,000 complaints are made against civil servants every year and that no one had made an effort to deal with them, creating a huge backlog.

The Government issued an Ordinance on the Resolution of the people's complaints against civil servants three years ago, but the issue is still far from being settled. Khai proposed the setting up of an administrative court which would be entrusted with making judgment on citizens' protests.

"In addition, right from this year we have to set up a set of laws and other legal regulations on the performance of the administrative court. If this plan is to be approved by the National Assembly, some administrative courts will be set up this year on a trial basis at some localities," he said. Khai laid special emphasis on the reform of the new economic mechanism. He said it was now more urgent than ever that the country should create a suitable legal environment for businesses of different kinds of ownership to perform under equal competition.

To achieve this he proposed the promulgation of several sets of laws, particularly those addressing civil and the commercial issues. Khai said Vietnam should institutionalize the management of public finances, including treasury funds, State budget and other public properties such as land and other natural resources. Common standards for running both public and private business should be put in place. Khai said profit should not always be the primary objective, and that if and when necessary, the State should intervene to help some firms avoid bankruptcy.

Khai said not even the laws that are in place are being followed. "A portion of officials have turned themselves into law breakers. There have been cases where local party offices sympathized with law breakers and even issued resolutions which run contrary to the law for the executives to implement," Khai lamented.

The standing vice premier urged officials nationwide to tighten discipline and order within the State apparatus.

"All violations of law and administrative discipline must be punished heavily, strongly and equally without any

exception, especially when law breakers are law defendants who abused their powers to commit violations," he said.

Khai said the Government is reorganizing the executive apparatus by cutting the number of ministries and Cabinet offices.

"When the Cabinet ministries are no longer business-sponsoring bodies but only State management bodies, the great number of ministries will no longer be needed as they will only create more difficulties for the institutionalization and the implementation of policies," he said.

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